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Devolution to Scotland and Wales

Further details of the Government's plans for the devolution of a wide range of responsibilities to elected assemblies in Scotland and Wales were announced in the House of Commons on 25 May (*Hansard*, cols 270-84). The broad proposals were published in November 1975 (see pp 467-70, 1975).

The main points of the announcement are as follows:

1 The Government intends to introduce the necessary legislation in the autumn, at the beginning of the 1976-77 parliamentary session, and to ask Parliament to pass it during the session. There is to be a single, combined Bill for Scotland and Wales since separate Bills would demand too much parliamentary time for both to pass in one session. No 'draft' Bill is to be published in the current session because it would divert effort from the preparation of the main Bill.

2 Ministers have decided against holding a referendum on the devolution proposals. There have been wide opportunities, before and since the last general election, for public discussion of them.

3 Responsibility for all operations of the Scottish and Welsh Development Agencies (see p 106, 1975), and for all appointments to them, would be transferred to the devolved administrations. This would include responsibility for financing the agencies from the resources controlled by the devolved administrations. To ensure that there was no unfair competition with other parts of the United Kingdom, the agencies' industrial investment operations would be subject to guidelines laid down by the Government from time to time. The agencies would retain their existing powers to act under the direction of the appropriate Secretary of State in selective financial assistance to industry.

4 Any doubts as to whether legislative proposals by the Scottish assembly were within the assembly's powers would be resolved by a judicial body, probably the Judicial Committee of the Privy Council. The Government would not have the power to reject proposals made by the assembly on the grounds that they were not within its powers.

5 The formal appointment of the Scottish Executive would rest with the Secretary of State for Scotland, but he would act on the assembly's advice in appointing the Chief Executive, and on the Chief Executive's advice in appointing other executive members. Assistants to the executive would be appointed by the Chief Executive. The maximum size of the Scottish Executive and the pay of its members would be matters for the assembly; the situation in Wales would be comparable.

6 The general reserve United Kingdom powers, whatever their precise form and mechanisms, would be limited to occasions when their use was necessary to prevent unacceptable repercussions on matters for which the United Kingdom Government remained responsible. The Government has never envisaged using such powers just because it might politically dislike what was being done. The reserve powers would be subject to direct parliamentary control and would not be available simply at the hand of the Government.

7 The Secretaries of State for Scotland and Wales would remain members of the Cabinet, and would play their full part in the development of United Kingdom policies.

EXTERNAL AFFAIRS AND DEFENCE

European Community

Economic developments within the Community have been discussed at a number of Council of Ministers' meetings during the past two months. The problem of unemployment – unacceptably high in all Community countries, although there are indications of future improvement – was examined by finance and social affairs ministers in preparation for the meeting on this subject later in June of representatives of the Community, and employers' and workers' organisations. Finance ministers also examined, together with foreign ministers, patterns of future Community spending and the machinery for financing the Community budget.

Among subjects discussed by agriculture ministers over this period were agricultural imports from third countries, including New Zealand butter and cane sugar from the (mainly Commonwealth) sugar-producing countries linked with the Community under the Convention of Lomé; financial aspects of the common agricultural policy were also discussed. These and other developments are examined in the article below. The revision of the Community's fisheries policy, to which Britain attaches considerable importance, was discussed at two Council meetings in April and May. An account of the British position appears on pp 251-2.

UNEMPLOYMENT

Unemployment has been a central concern within the Community in recent weeks. Community ministers discussed the subject on a number of occasions during April and May, and Mr Roy Hattersley, Minister of State for Foreign and Commonwealth Affairs, has called for Community action to combat unemployment as one of a number of 'practical and obtainable targets'.

In an address at the Lord Mayor of London's Easter Banquet on 28 April, Mr Hattersley said that Britain's task was to ensure that the Community continued to aim for objectives with 'real meaning and real importance to the men and women throughout the EEC'. Unemployment – which currently stands at about 5 per cent for the Community as a whole, with 5·2 million wholly unemployed – he described as 'a disease which infects every member of the Community'.

'This is not the time to be concerned with the creation of theoretical constitutions based on a wholly impractical desire to unite Europe at a speed which is certainly unobtainable and possibly undesirable', he said. 'This is not the time for the invention of schemes for economic and monetary integration and industrial harmonisation which are arbitrary, unnecessary and unworkable. The Community's great task is to deal with the practical needs of its members.' In addition to combating unemployment, these included greater help for the regions, revision of the common agricultural policy (CAP) to represent more adequately the interests of consumers, and the co-ordination of foreign policy.

Mr Hattersley's speech followed an appeal by the then British Prime Minister, Mr Wilson, at the last meeting of the European Council on 1-2 April (see pp 151-3), when he suggested that employers and trade unionists in the Community should be consulted on practical plans to reduce the number of unemployed. In response to this appeal, a tripartite conference between Community finance and social affairs ministers, the Commission and both sides of industry is planned for 24 June in Luxembourg.

Finance ministers from the Community discussed unemployment at meetings in Luxembourg on 26 April and Brussels on 17 May. At the earlier meeting, discussion centred on a paper by the Commission and a note circulated by Britain's representative, the Chancellor of the Exchequer, Mr Denis Healey. On both occasions the Chancellor is reported to have placed most emphasis on demand management in the economy as a whole, rather than on structural unemployment arising from technological change and regional variations. Attention was focused on the need to maximise the level of employment at the peak of the next cyclical upturn without incurring 'bottlenecks', or excessive pressure on incomes.

Mr Healey made the point that growth in output and employment in Britain would come from greater demand for British exports as world trade increased and Britain's competitive position was made increasingly favourable by the depreciation of the exchange rate of the £.[1]

Following finance ministers' discussions, the Commission has produced proposals for combating unemployment in the period up to 1980, which will

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Community social ministers and representatives of Community employers' and workers' associations examined the problem of the large number of unemployed persons below the age of 25 when they met in Brussels on 18 May for a regular meeting of the Standing Committee on Employment. The meeting examined proposals designed to exploit fully existing employment opportunities for this age group. Among the suggestions, which are still being examined by the Commission, are measures to improve vocational guidance and information about the labour market, improved occupational education and training, and better employment services.

COMMUNITY EXPENDITURE

Guidelines governing future Community spending and other budgetary issues were examined at the initial joint meeting on 5-6 April of Community finance and foreign ministers.

Meeting a few weeks before the beginning of the process for establishing the 1977 Community budget, ministers agreed that in view of the current economic situation a policy of strict budgetary discipline should be applied, with Community expenditure growing no faster than the average of government expenditure in member states. Priority is to be given to spending aimed at furthering the Community's integration, in particular by reducing divergencies between the economies of member states, and also to expenditure which is more economical or efficient than the national expenditure it might replace.

The joint meeting of finance and foreign ministers, at which Britain was represented by the Minister of State for Foreign and Commonwealth Affairs, Mr Hattersley, the Secretary of State for Scotland, Mr William Ross, the Chief Secretary to the Treasury, Mr Joel Barnett, and the Parliamentary Under-Secretary at the Foreign and Commonwealth Office, Mr J. Tomlinson, was held in accordance with a decision of the Rome meeting of the European Council in December 1975 (see pp 475-7, 1975). On that occasion heads of Government called for the Council of Ministers to meet early in the summer of each year to lay down expenditure guidelines before the drawing up by the Commission of the preliminary budget.

With regard to agricultural expenditure – which currently accounts for over 70 per cent of the budget – a statement issued after the meeting noted that the Community's institutions 'should be concerned with efficiency and budgetary economy'. Ministers reaffirmed their 'desire to bring this expenditure under control and to give most careful consideration to the cost of all new measures', in accordance with the stocktaking of the CAP undertaken recently.

Ministers stressed the prime importance, in the present economic situation, of strengthening social and regional projects. They considered that the social and regional funds, and the guidance section of the agricultural fund should be used in co-ordination with one another to reduce disparities between different regions in the Community and encourage greater economic convergence between member states.

The Community's external financial commitments to a number of Mediterranean countries were also examined. Although ministers confirmed the importance of co-operation with a number of countries with which the Community has concluded, or is negotiating, special agreements (Greece, Turkey, Portugal, Yugoslavia, Egypt, Syria, Lebanon, Jordan, Israel and Cyprus), they were unable to arrive at final decisions, which were later reached by foreign ministers on 3-4 May. It was agreed then that in addition to 800 million units of account (mua) set aside for external lending until 1980 to these countries by the European Investment Bank (EIB), a further 450 mua would be provided by member states as aid elements in the appropriate financial protocols. (This figure was later increased to 500 mua.) Portugal would receive 200 mua in EIB loans, and 30 mua in aid elements, to be used to subsidise interest on the EIB loans. Decisions on the distribution of the remaining sum to the other countries have yet to be agreed.

In an examination of the system of financing the Community's budget, ministers discussed the valuation of the unit of account (ua) – the 'currency' used for Community transactions – and the establishment of a common value-added tax (VAT) assessment base on which a proportion of contributions by member states to the budget would be levied. Agreement was reached that a new unit of account – to be called the European unit of account (EUA) – should be introduced as soon as possible and would be applicable to the 1978 budget at the latest. At present, the ua used for budgetary purposes is pegged to the value of the US dollar before the 1971 Smithsonian agreement. Subsequent currency fluctuations within the Community have resulted in certain anomalies in payments to and from the budget.

Ministers also agreed that the requisite decisions would be taken so that contributions to the budget from a standardised VAT assessment base should be possible from 1 January 1978. Under the present system, the budget is financed by the revenue of customs duties and levies on agricultural imports, plus a residual element which, for the original six member states, is assessed according to the member state's share of total Community GNP. (Payments to the budget by the three acceding members are governed until 1980 by provisions in the Treaty of Accession.) The residual element under the full 'own resources' system is to be replaced by a proportion of the proceeds of VAT levied on a uniform basis in each member country. This cannot, however, become operational until agreement is reached on a uniform assessment base.

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fixing a price for their cane sugar exports to the Community in the period from 1 July 1976 to 30 June 1977 (see pp 52-3, 1975). (Speaking for the ACP countries in Brussels on 5 June, Mr Satcam Boolell, the Mauritian Minister of Agriculture, said that they had accepted an offer of a guaranteed price of 267 units of account a tonne for the 1·25 million tonnes of sugar which the Community is to import from the ACP countries during the 1976-77 marketing year. (This is subject to ratification.) Mr Boolell expressed the ACP countries' view that the offer fell short of the terms of the Lomé convention.)

Potatoes

At each of its meetings on 6 and 29 April and 17-18 May the Council decided on further extensions of the suspension of tariffs on potato imports, introduced to alleviate the severe shortage which was causing large increases in consumer prices. The current dates for the expiry of the extensions are 31 May for new potatoes and 30 June for the main crop.

Beef

At its meeting on 17 and 18 May the Council agreed to allow Botswana to send an additional 1,500 tonnes of beef to the Community under the ACP arrangements (see pp 51-2, 1975) before 1 July, so as to meet difficulties presented by the seasonality of Botswana's production.

Sheep

During the same meeting the Council agreed to try to adopt before August interim measures for the improvement of intra-Community trade in sheep meat.

New Zealand Butter

Also on 17 and 18 May, the Council had a further discussion of the quantities of New Zealand butter to be imported into Britain, under Protocol 18 of the Treaty of Accession and in conformity with the Dublin Declaration, during the years 1978 to 1980 (see pp 143-4, 1975). In a statement in the House of Commons on 19 May (*Hansard*, cols 1430-1), the Minister of Agriculture, Fisheries and Food, Mr Frederick Peart, said that some member countries had seen difficulty in guaranteeing access for fixed quantities, without providing for review in the event of a decline in the total size of the British butter market. [This decline might occur as a result of rising prices due to the recent decisions on the milk price and butter subsidies (see p 170) and to Britain's transition to full Community price levels (see p 69, 1973).] Mr Peart continued: 'In an attempt to meet this concern, while still affording New Zealand a firm guarantee of access for fixed quantities, the Commission put forward a new proposal during the meeting. This would give New Zealand a firm assurance that fixed quantities of her butter would find a market here. But it would provide for part of these quantities to be sold for the manufacture of other foods rather than for retail distribution, if our retail market declined in size.

'I neither accepted nor rejected this proposal in principle. It was clearly necessary to have the details and consider them with New Zealand before any decision could be taken.

'The Commission will provide full details of their new proposal as soon as possible, and the Council will seek to reach final decisions at its meeting on June 21 and 22.'

Monetary Matters

At its meeting on 29 April the Council considered the cost to the Community budget of increases in monetary compensatory amounts (MCAs – see p 96, 1975) resulting from changes in the market rates for the lira and the pound sterling. It agreed that the representative rate for the lira should be devalued by 6·023 per cent. The Council did not adopt the Commission's proposal to apply a corrective factor, which would have had the effect of reducing the MCAs and thus increasing food prices in Britain, after Mr Peart told the Council that this could have a most serious effect on the likelihood of securing and sustaining pay restraint (see p 200).

The Council also agreed that from 17 May the MCAs payable on imports into Britain and Italy from the other member states would be paid in the exporting country. Mr Peart told the House of Commons that this would lead to a saving on the Community's agricultural budget, since more payments would be made in the strong currencies; there might be a slight reduction in food prices in Britain; and there should be some administrative saving in due course (*Hansard*, 3.5.76, cols 224-5).

British Views

After the Council meeting of 31 May–1 June, Mr Hattersley said that the British Government believed that surpluses in Community agricultural production were unacceptable, from the point of view not only of Britain but of the entire Community. 'We do not', he said, '. . . believe that those surpluses will be diminished by the new price mechanisms' (see pp 170-1). Recalling that the agriculture ministers themselves, on one of the occasions when they constituted the Council, had said that more attention would have to be given to the milk surplus and its reduction, Mr Hattersley continued: 'We therefore expressed a very strong view that the [agriculture ministers] . . . should start looking at these matters more thoroughly and indeed more fundamentally.'

Mr Hattersley also said that he had drawn the Council's attention to what he called the failure of the agriculture ministers to respond to the Community's promise to New Zealand (see above). 'I now hold the view', he said, 'that unless we can make some progress the good faith of the Community will be very seriously questioned.'

Central Treaty Organisation

MINISTERIAL COUNCIL

The twenty-third session of the Council of Ministers of the Central Treaty Organisation (CENTO) was held in London on 26 and 27 May. It was attended by delegations from all the member states – Iran,

Pakistan, Turkey, Britain – and the associate member, the United States. As representative of the host country, the Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, presided over the meeting, which reviewed the international situation, with particular reference to developments in the CENTO region, and considered reports on the organisation's military and economic activities.

As on previous occasions, the council meeting was preceded by a meeting of the CENTO Military Committee, also held in London, on 7 and 8 April. This committee, which met – as usual – at the level of Chiefs of Staff, reviewed the status of military planning for the defence of the region, and noted the joint exercises, visits and military seminars successfully carried out during the year. The annual meeting of the CENTO Economic Committee, to review the progress of the organisation's economic development programmes, took place in Washington from 16 to 18 March.

Mr Crosland's Speech

In his address to the opening session of the council, Mr Crosland reaffirmed the British Government's firm support for CENTO. He emphasised that Britain would not become 'inward-looking and Eurocentric' as a result of its reaffirmed membership of the European Community: on the contrary, Britain saw this as a means of reinforcing its channels of communication and bringing a new purpose to its long-standing links with the outside world.

The Foreign Secretary took as his theme CENTO's role in the world to-day. On the subject of economic interdependence in a world where the gap between rich and poor countries continued to grow – a situation which he described as 'a moral affront to the civilised conscience of the world' and 'a potent force for disruption and instability in the world economy' – Mr Crosland stated that CENTO was, in a significant sense, a bridge-builder between the developed and developing countries since its membership included representatives from both. Britain, for its part, recognised that the economic balance between rich and poor countries must be improved through an expansion of international trade and the world economy, depending in turn on the creation of an orderly world economic system; Britain wholeheartedly supported the idea of closer co-operation between industrialised and developing countries and in the Conference on International Economic Co-operation (see pp 18-21) and at the Fourth United Nations Conference on Trade and Development was directing its efforts towards these goals. CENTO, for its part, should aim to project the spirit of co-operation prevailing within the organisation onto the wider world stage.

Mr Crosland then turned to the subject of *détente* – a development which, he maintained, in no way lessened the need for the existence of CENTO and NATO. *Détente* was impossible without security and CENTO, in enhancing the security of its member states, was an instrument of *détente*. He pointed out that in precisely those years when the Soviet Union had advocated *détente*, there had been a steady build-up of the Soviet armed forces. 'We have to be equal to this challenge', declared the Foreign Secretary.

Mr Crosland emphasised that the British Government would nevertheless continue to support the policies of *détente*, but would do so in full recognition of the fundamental difference between its own approach and that of the Soviet Union. Britain believed that *détente* was indivisible – 'a commitment not only to build a safer world, but also to facilitate the development of productive relations between governments and peoples across as wide a range of human interests and activities as possible'. By contrast, the Soviet view of *detente* was 'narrow and limited'; *détente* was regarded as confined to the improvement of international relations, entirely compatible with the prosecution of the ideological struggle, and excluding the free exchange of people and ideas which Britain regarded as the basis of genuine *détente* and to which the signatories of the Final Act of the 1975 Helsinki Conference (see pp 307-12, 1975) were committed.

The Foreign Secretary maintained that *détente*, indivisible as a concept, was also indivisible in its geographical implications. It did not stop in Europe and could not be insulated against behaviour outside Europe which violated its spirit. 'We have made it plain to the Soviet Government that the continuing credibility of *détente* depends on the restraint and responsibility of all states in their approach to crises outside Europe, such as that which recently arose in Angola',[1] he declared.

Summing up, Mr Crosland stated that in one essential respect CENTO's role remained unchanged – to contribute to the security and stability of the region as it had done successfully for 21 years. There were, however, other important aspects of CENTO, in the fields of economic and military co-operation. Describing the organisation's successful work in these fields, Mr Crosland emphasised that Britain would continue to play its part in all these activities.

(For information about Britain's economic contribution to CENTO, and the alliance's history and organisation, see *The Central Treaty Organisation*, COI, Factel No 630.)

Communiqué

In a communiqué issued at the end of the two-day meeting, the council noted with satisfaction that 'peace, stability, and economic and social progress' had been maintained in the CENTO region. The ministers pledged continuing support for the alliance, and reaffirmed the vital importance they attached to the preservation of the independence and territorial integrity of the region's member states.

The council reaffirmed the importance of continued efforts to achieve an overall settlement in the Middle East resulting in a just, honourable and durable peace in accordance with the principles of the United Nations Security Council's resolutions, noted with concern the tragic situation in the Lebanon, expressing the hope that the Lebanese people as a whole might find a satisfactory solution to their problems in preserving their national independence and integrity, and expressed satisfaction over the conclusion of the Conference on Security and Co-operation in Europe (the Helsinki

[1] See pp 104-6

Conference – see pp 305-12, 1975). In this context, the ministers stressed that security in the CENTO region constituted an important element in European security. They also noted with deep satisfaction the recent agreement between India and Pakistan concluded as a result of the initiative taken by Pakistan towards normalisation of the situation in the South Asian sub-continent.[1]

The council endorsed the recommendations of the Economic Committee to consider new projects to expand research in agriculture, aimed at increasing productivity and improving marketing of food production in the member countries. It welcomed plans for further upgrading the microwave system linking Pakistan and Turkey, as well as offers from Britain to increase its programme for the provision of scientific equipment and from Iran to establish a book programme for the supply of Persian language books to Pakistan and Turkey. The ministers agreed to expand the programme of scientific research collaboration, and to increase their contributions to the CENTO Multilateral Scientific Fund for this purpose. They also endorsed a recommendation for strengthening the public affairs programme and cultural co-operation among CENTO members.

Noting the report of the Military Committee, the council expressed satisfaction with the progress made during the past year in the improvement of co-operation among the partners in the military field. Ministers also noted the progress made in countering the threat of subversion directed towards the CENTO region and reaffirmed their resolve to continue to take the necessary measures to eliminate this threat.

Finally, the ministers reaffirmed their determination to ensure that the alliance continued to contribute to the peace, security and stability of the region, and to promote the social and economic welfare of its people.

Foreign and Commonwealth Secretary's Visit to China and Japan

The Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, visited China from 3 to 9 May and Japan from 9 to 11 May. This was the first visit by a Foreign and Commonwealth Secretary to China since 1972 (see pp 474-5, 1972) and to Japan since 1970.

THE VISIT TO CHINA

The aim of Mr Crosland's visit to China was to develop Anglo-Chinese relations, particularly in the field of commerce, and to inform Chinese ministers of British and Western European views on such topics as *détente* (of which the Chinese Government is suspicious because of its fear of Soviet expansionism) and on developments in the Middle East, Africa and elsewhere. During his visit Mr Crosland discussed these, and other matters of common interest, with the Chinese Foreign Minister, Mr Ch'iao Kuan-hs. He also had talks with the new Chinese Premier, Mr Hua Kuo-feng, and with the Minister of Foreign Trade, Mr Li Ch'iang.

Speaking at a welcoming banquet on 4 May, Mr Crosland pointed out that while the traditions and social and political systems of Britain and China were very different, the two countries were linked 'by their common interest in the great issues of an increasingly interdependent world'. Both were permanent members of the United Nations Security Council and both shared the awesome responsibilities of nuclear weapon states. Both also shared a determination to defend themselves from threats to their independence. In this context, he underlined the British Government's dedication to the maintenance of the integrity and security of Western Europe. Like all other British Governments it recognised that Britain's security depended on the North Atlantic Treaty Organisation (NATO), and continued, therefore, to give the highest priority to maintaining its contribution to the NATO alliance. He assured Chinese leaders that they need have no anxiety concerning the vigilance of Western European nations. These had no illusions about the danger which threatened them. At the same time, Mr Crosland continued, the British Government was profoundly convinced that defence and deterrence were not enough, and believed that it 'must make every effort to reduce international tensions wherever they occur. This', he added, 'is no sign of weakness. The solidarity of our alliance and the security which it provides are essential preconditions of a relaxation of tensions in Europe and in the world.'

Mr Crosland also spoke of Britain's commitment to the European Community, the members of which were committed to mutual co-operation inside the Community and to developing its political role in the world outside. At the same time, he pointed out, British policy was not concerned with Europe alone, and, as a member of the Commonwealth and a firm supporter of the United Nations, Britain had sought to promote co-operation and understanding between the richer and poorer nations. In this context, he referred to the proposals made by the British Government at the Commonwealth Conference in Jamaica in 1975 (see pp 184-91, 1975) and pointed out that the solution of the complex political and economic problems of the modern world had increasingly to be sought multilaterally.

Turning to bilateral relations between Britain and China, Mr Crosland said that these had become much closer and that his purpose in visiting Peking was to strengthen that process still further. He believed there were many fields in which British and Chinese industry could co-operate to their mutual advantage, and cited as examples of this those of aviation, transportation, mining and the exploitation of oil.

In his welcoming speech the Chinese Foreign Minister spoke of rivalry between the Soviet Union and the United States throughout the world, particularly in Europe, which Mr Ch'iao considered to

[1] In a joint statement issued on 14 May, India and Pakistan agreed to the restoration of diplomatic relations. These were severed during the 1971 war between the two countries at the time of the emergence of Bangladesh as a sovereign state.

be the 'focus of their rivalry'. The Chinese Government noted with satisfaction the increasing awareness among Western nations of the true nature of Soviet 'hegemonism'. Mr Ch'iao also spoke of the great significance which Britain's decision to stay in the European Community had for Western Europe. He believed there were broad prospects for the growth of Sino-British relations so long as the two countries continued to make joint efforts on the basis of the principles of peaceful co-existence.

At a press conference on 9 May Mr Crosland spoke of the main achievements of his visit. There had, for the first time, been a major contact at cabinet level between the British Labour Government and the Chinese Government. Secondly, Mr Crosland felt he had convinced the Chinese leadership of the strength of Britain's commitment to Western Europe and of the determination of NATO, and the United States in particular, to remain strong and vigilant in the face of any Soviet threats. 'We do not agree about *détente*,' he said, 'but we did not expect to agree about *détente*.' The Foreign and Commonwealth Secretary added that he felt he had succeeded in underlining to the Chinese 'the strength and determination of the Western posture as a whole'. Thirdly, Mr Crosland felt confident that the recent changes in China's leadership would not lead to any change in Chinese foreign or foreign trade policies. 'All the ministers I met were at great pains to underline this fact', he said. With regard to bilateral relations, Mr Crosland stated that he had mentioned all the issues that were important to Britain and thought that these had been noted by the Chinese ministers.

Economic and Cultural Relations

Since the establishment of diplomatic relations at ambassadorial level between the two countries in March 1972 (see p 146, 1972), there has been a notable development of Britain's economic and cultural relations with China. Since 1972 British exports to China – primarily machinery and transport, textile fibres and yarns, iron and steel – have risen substantially. Amounting to £31·6 million in 1972, they have since more than doubled to total £80·368 million in 1975. China's exports to Britain – mainly foodstuffs and crude animal materials, textiles and miscellaneous manufactured goods – have risen from £35·6 million in 1972 to £59·423 million in 1975.

A major event in the programme to promote trade with China took place in the spring of 1973 with the British Industrial Technology Exhibition held in Peking (see pp 168-9, 1973), while a British Exhibition of Machine Tools and Scientific Instruments was held in Shanghai in early 1975. In January of this year a major agreement worth some £80 million was concluded between Rolls-Royce Limited and the Chinese Government for the supply of *Spey* aero-engines (see p 25). China has also received 19 of the 35 *Trident* jet aircraft ordered from Britain under an agreement concluded in 1971 (see p 440, 1971) and has taken out an option on the purchase of three *Concorde* jet airliners. Another area in which co-operation is under consideration is that of mining machinery. In January 1975 a Chinese delegation visited Britain to look at mining techniques and Britain's National Coal Board hopes to mount a mission to China soon. Shipping is also an interest shared by both countries, and the Chinese Government has recently purchased five tankers from Britain. China, like Britain, is developing its offshore oil resources, and during his visit, Mr Crosland drew attention to the experience and supply of equipment which Britain could offer China in the field of oil technology.

In the cultural relations programme initiated during the visit of the then Foreign Secretary, Sir Alec Douglas-Home (now Lord Home of the Hirsel), to Peking in 1972 (see pp 474-5, 1972), major features have been the visit of the London Philharmonic Orchestra to China in March 1973, and the mounting of the Chinese Exhibition of Archeological Finds in London from September 1973 to January 1974. There are at present 50 Chinese students in Britain and 15 postgraduate British students of contemporary Chinese studies in China under British Council arrangements. During 1974-75 a medical delegation of specialists in cardiology, cancer, and anaesthesia and a delegation of sinologists visited China, and it is hoped that a delegation of British Vice-Chancellors and directors of polytechnics will visit China in 1977.

THE VISIT TO JAPAN

The Foreign and Commonwealth Secretary arrived in Tokyo for a brief visit on 9 May. Mr Crosland, who visited Tokyo last November as Secretary of State for the Environment, had two rounds of talks with the Japanese Minister of Foreign Affairs, Mr Kiichi Miyazawa, and called on the Minister of International Trade and Industry, Mr Toshio Komoto. The Secretary of State also met the Prime Minister, Mr Takeo Miki, and was received by the Crown Prince and Princess who are visiting Britain from 15 to 24 June. The talks with the Foreign Minister were the latest in the regular series of Anglo-Japanese consultations at ministerial level which began in 1963. Their purpose is to hold bilateral talks on international problems of common concern to Britain and Japan.

The impressions formed by Mr Crosland during his visit to China featured prominently in his discussions with the Japanese Foreign Minister. Both sides agreed that recent developments in China appeared unlikely to have any major impact on foreign policy or trade relations. The two ministers also exchanged views on the situation in the Korean peninsula and in South-East Asia; and, after analysing the situation in Southern Africa, Mr Crosland urged the Japanese Government to give their firm support to sanctions against Rhodesia and to exert what influence they could on South Africa over its policy of apartheid.

On bilateral economic questions, Mr Crosland and Mr Miyazawa discussed the measures taken by their respective Governments to reduce the level of inflation, and Mr Crosland stressed how important it was that Japan, as a country with a strong balance of payments position, should increase its rate of imports and thus contribute to the growth of world trade. He also spoke of the need to resolve the current imbalance in trade between Britain and Japan through the vigorous expansion of British exports to Japan. [In a recent meeting, the Confederation of

British Industry and the Keidanren, its Japanese equivalent, also agreed on the need to take action to correct this imbalance.]

At a press conference held before his departure from Tokyo on 11 May, Mr Crosland said that in his discussions with Mr Miki, the Japanese Prime Minister had reaffirmed the close relations existing between Britain and Japan, and had spoken of the importance of Britain 'as the fulcrum . . . of Japanese relations with Western Europe as a whole'. Mr Miki had emphasised that he wanted not only close economic relations with Britain but also close political relations. Mr Crosland said that he fully supported these views.

With regard to economic relations between the two countries, Mr Crosland reported that both sides had agreed that they should maintain the principle of free trade, though Britain reserved the right to impose import restrictions in specific areas should serious problems arise. The high level of imports of Japanese cars into Britain, Mr Crosland added, was a matter of concern to the British Government, but it wished 'to resolve this situation not by imposing import restrictions but by co-operation and agreement between the British and Japanese industries'. All the ministers he had met in Japan, including the Minister for International Trade, were aware of the problem and anxious to co-operate in finding a solution which would avoid any additional import controls. Finally, Mr Crosland explained that throughout the talks he had stressed Britain's keen concern to promote British exports, adding that Britain made a greater effort in export promotion to Japan than with any other country.

Commonwealth Development Corporation

ANNUAL REPORT

The report and accounts of the Commonwealth Development Corporation (CDC) for 1975, published in June,[1] show continued expansion on the part of the corporation in helping to further economic growth in developing countries. At the end of the year, the corporation was involved in some 230 projects in some 40 countries (six of them – Costa Rica, Indonesia, Thailand, Ethiopia, Cameroon and the Ivory Coast – outside the Commonwealth) with an estimated investment commitment of £267·8 million, some £11 million more than at the end of 1974. Actual investments totalled £217·6 million as compared with the 1974 total of £203·6 million. Of the total committed 49·8 per cent was for basic development, including power and water, housing and transport, 28·6 per cent for primary production and processing, and 21·6 per cent for industry and commerce.

General Review

In line with Britain's policy of concentrating its aid on the poorest countries, and the poorest people within these countries (see pp 446-8, 1975), the CDC agreed in 1975, in discussions with the Ministry of Overseas Development, to concentrate its commitments in the five years ending 1979 on the poorest countries and into renewable natural resources, that is, agriculture, forestry, ranching and fisheries, and their associated processing plants. Considerable progress has already been achieved in this direction in recent years as a result of the concessionary terms made available to the CDC by the British Government on funds for renewable natural resources. At the end of 1974 investment in such resources totalled some £47 million, or 23 per cent of total investment, and rose to £52·3 million (23·8 per cent) in 1975. Moreover, of the £22·07 million committed to new projects in 1975, £12·2 million (over 55 per cent) was for renewable natural resource projects, and £15 million (68 per cent) for the poorer countries. Projects supported included beef production in Botswana, the growing and processing of oil palms in Sarawak, forestry development in Fiji and Swaziland, and sugar projects in Kenya, Nigeria and Zambia. On completion these projects will significantly benefit the balance of payments of the host countries either by earning foreign exchange for exports or by saving foreign exchange from reductions in imports.

The CDC recognises that the most important resource of developing countries is their people, and gives priority to training of nationals of host countries for management, professional and technical posts up to senior levels. A quick way of equipping nationals for posts of responsibility is through CDC involvement in the management of projects. In 1975 the CDC provided staff for 60 projects, all but a few of which had appointed the CDC as corporate managers, thereby securing not only its training techniques, but also all the support services which it provides through its regional and territorial offices overseas and from its headquarters in London. Such projects included agricultural estates and smallholder schemes with attendant crop processing plants, housing mortgage finance companies, the development of housing and industrial estates, local development finance companies and, in selected areas, small electricity companies. In several of these concerns, the chief executives are nationals of the host country.

CDC Investments and Outstanding Commitments by Region at end-1975

£ thousand

Region	Invested	Outstanding commitment
Caribbean	52,473	8,725
East Asia and Pacific Islands	53,733	11,297
East Africa	35,732	14,621
Central Africa	37,751	8,176
Southern Africa	24,884	4,149
West Africa	11,414	3,398
Other Areas	1,576	—
Total	217,563	50,366

[1] *Commonwealth Development Corporation: Report and Accounts 1975.* HMSO, £2·50.

The Caribbean

CDC operations in the Caribbean are concerned mainly with electricity supply, housing and mortgage finance and tourism development, and new investment commitments during the year were directed towards these sectors: tourism in the East Caribbean, electricity supply in St Lucia and housing development in Jamaica. Negotiations aimed at extending the CDC's mortgage finance operations to the Leeward Islands were successful in Montserrat, but the start of operations on the island depends on the outcome of similar negotiations with the Government of Antigua since administration costs are to be shared by the two islands. The CDC is also concerned to increase its investments in agriculture in the region, but investigations into potential agricultural projects in 1975 failed to identify any opportunities for the deployment of the CDC's expertise or its concessionary finance in this sector. Good progress, however, was recorded in a pasture and dairy herd establishment project begun in Jamaica in 1974, which made its first deliveries of milk to the local market in 1975.

East Asia and the Pacific

During the year CDC commitments in this region rose by £7·4 million to total £65·03 million (£61·5 million at the end of 1974). Three new projects were added during the year: a pine reafforestation scheme in Fiji, for which a £5 million loan was committed; a plant for manufacturing automotive batteries in Indonesia; and a hotel development project in Thailand. Supplementary investments were made in an oil palm estate in Malaysia, a textiles plant in Indonesia and a lumber project in Fiji. In northern Papua New Guinea the CDC, in conjunction with the World Bank, continued investigation into the prospects for a major oil palm plantation and processing enterprises associated with a large outgrower project.

Africa

Major commitments in 1975 in East Africa, where the CDC has 58 projects spread over Kenya, Uganda, Tanzania, Mauritius, Seychelles and Ethiopia, were loans of £2 million and £1·4 million in support of electric power and housing development projects respectively, both of them in Kenya. The former, provided for the development of the Gitaru power station, brought the CDC's support for the Tana River electric power project to some £5·1 million; while total CDC commitments to electric power development in Kenya totalled some £12·5 million at the end of 1975. Housing development is a particular concern of the CDC in Kenya, and the £1·4 million loan will be used to finance the construction of some 380 low-cost rental housing units near Nairobi. The CDC is currently engaged in assisting the development of four housing estates on the outskirts of Nairobi, both through loan finance for house construction and through mortgage finance provided by a housing finance company it owns jointly with the Kenyan Government. Other new commitments made during the year were for the further expansion of a small farmers' sugar growing project in Kenya, and in support of the operations of two development finance companies, one each in Kenya and Tanzania.

In Central Africa (Zambia, Malawi and Zaire) commitments increased by some £4·5 million to total £32·16 million, while total investments rose by £5·49 million to £23·99 million. These figures do not include a CDC loan to the Central African Power Corporation, made in 1956, the balance of which now stands at some £13·77 million. In Malawi CDC financed projects benefited from increased economic activity in the country generally, and many entered into negotiations for further funds to finance expansion programmes. By the end of the year the CDC had made three further loans to existing projects: £1 million for hydro-electric development which will help reduce Malawi's dependence on imported fuel and thus its need to find foreign exchange; £1·32 million for the expansion of a textile mill; and K1 million (K = one Kwacha) in support of the Investment and Development Bank of Malawi to enable it to expand its participation in agriculture and industry. In Zambia, an additional commitment of £2 million was provided for the expansion of a sugar growing and refining company. This company provides Zambia with the whole of its sugar requirements, and the expansion is being undertaken to ensure self-sufficiency and to provide for exports of sugar and sugar-based projects. In addition, disbursements were made on loans for two tobacco smallholder farming projects and for an electric power project associated with the Kariba Dam. With a view to assisting Zambia reduce its dependence on copper, the CDC is concerned to promote sound schemes in Zambia's rural diversification programme, and to this end has appointed an agriculturalist to the region to identify and appraise projects.

In southern Africa new commitments totalled £2·68 million spread over four projects. In Botswana £1·7 million was provided for improvements and extensions to the Botswana Meat Commission's abattoir, £575,000 to cover part of the cost of a new steam generator plant for the Botswana Power Corporation, and £254,000 for a ranching project. In Swaziland a supplementary investment of £134,000 was provided for a forestry project. During the year missions from the CDC visited Botswana, Lesotho and Swaziland to investigate prospects for the expansion of a number of its projects. Its considerable involvement in productive enterprises leads to large export earnings for the countries concerned and, particularly in the case of Swaziland, major contributions to Government funds by way of taxes and levies.

CDC projects in West Africa (Ghana, Nigeria, Sierra Leone, The Gambia, Cameroon and Ivory Coast) numbered 23 at the end of 1975. The main weight of investment is in Nigeria where CDC (Nigeria) Ltd has 16 projects focused primarily on providing management for agricultural projects. Only one new investment was made in the region, for a sugar-cane project in Nigeria, but investigations into the prospects for oil palm and rubber development projects in Ghana and Sierra Leone respectively were also approved. The Ivory Coast Government

also invited the CDC to participate in a second rubber plantation project.

Anglo-Brazilian Relations

STATE VISIT OF PRESIDENT

General Ernesto Geisel, the President of Brazil, and his wife Senhora Geisel, paid a state visit to Britain from 4 to 7 May. The President, whose visit follows a visit to Brazil which the Queen and the Duke of Edinburgh made in 1968, is the first Brazilian President in office to visit Britain. The President and his wife stayed at Buckingham Palace as guests of the Queen and were accompanied by a team of ministers together with banking and industrial advisers. In the course of the visit President Geisel had discussions with the Prime Minister, Mr James Callaghan, on a wide range of international and bilateral issues. The President also met the Secretary of State for Energy, Mr Anthony Wedgwood Benn, and the Secretary of State for Industry, Mr Eric Varley.

The state visit occurs within the context of Brazil's increasingly important role in international affairs and the British Government's desire to strengthen political, economic and cultural relations with Brazil as with Latin American countries in general. In October 1975, Brazil's Minister for External Relations, Senhor Antonio Azeredo da Silveira, paid a visit to Britain during which a Memorandum of Understanding was concluded providing for close and regular consultations between the British and Brazilian Governments on a broad range of international and bilateral relations (see p 431, 1975). A number of British ministers have also visited Brazil over the past two years, and Britain's Minister of Agriculture, Mr Frederick Peart, is due to visit Brazil in August.

Discussions During Visit

Talks held during the presidential visit covered a wide range of issues of common interest to Britain and Brazil. The two sides exchanged views on the role that Britain and Brazil play within the Western world in the pursuit of progress and peace. The growing importance of the Latin American countries and their role in the world was acknowledged. The British Government welcomed Brazilian support on the urgent need for an orderly transition to majority rule in Rhodesia. On economic matters the ministers discussed progress at international meetings including the Conference on International Economic Co-operation (see pp 18-20) and the Fourth United Nations Conference on Trade and Development.

Bilateral economic questions featured significantly in the discussions. In a meeting with President Geisel, British industrialists, from both the private and public sectors, indicated their desire to increase investment in Brazil, particularly in the fields of steel, engineering goods, petrochemicals, fertilisers, bauxite and aluminium. Following the meeting, two memoranda of understanding were signed, with the approval of Britain's Export Credits Guarantee Department (ECGD), setting out the terms for British involvement in Brazil's steel and rail developments. These provide for a British company – Davy Ashmore Limited – to lead European participation in the design, construction, equipping and financing of an iron and steel works in the State of Minas Gerais; and for General Electric Company Limited, in agreement with the Brazilian Federal Rail Network, to supply and finance equipment and services for the Belo Horizonte-Volta Redonda 'steel railway'. Both agreements will be backed by lines of credit arranged by British merchant banks. In addition an agreement to provide technology for the construction of offshore drilling platforms was ratified between Redpath Dorman Long Limited, a subsidiary of the British Steel Company, and the Brazilian National Steel Company. The development of Brazil's oil resources was the subject of talks between President Geisel and Britain's Secretary of State for Energy, Mr Benn, and both sides looked forward to an increasing contribution by British companies to the development of Brazil's oil industry through the application of North Sea experience to the exploitation of Brazil's offshore energy resources. They also agreed that a closer relationship between Petrobras – the national Brazilian oil company – and the British National Oil Corporation should be encouraged.

Economic Relations

Britain and Brazil have a long tradition of economic and trading links dating from the early nineteenth century since when British investment and enterprise have played an important role in Brazil's economic development, notably in the fields of transport and public utilities. A recent example of the continuation of this tradition is the new Rio-Niteroi bridge across Guanabara Bay, opened in May 1974. The bridge – one of the longest in the world, measuring almost nine miles – was a joint Anglo-Brazilian project, and a British loan of £31 million, guaranteed by the ECGD, assisted in the financing of the project. British participation in the expansion of the Brazilian shipbuilding industry was recently extended with the arrangement of a £35 million loan which a consortium of British banks has granted the Brazilian Government's Merchant Marine Authority. The loan will help to finance the purchase by Brazilian shipyards of British manufactured components which are to be incorporated in a wide range of vessels being built in Brazil over the next five years. Britain is also participating, largely through the supply of equipment, in the expansion of Brazilian petroleum and chemical installations and in the generation of hydro-electric power.

Brazil is Britain's largest trading partner in Latin America. Trade between the two countries has been increasing steadily and has tripled in the past 15 years. In 1973 British exports to Brazil (mainly machinery, chemicals and transport equipment) were valued at £112 million; in 1974, at £143 million; and in 1975, at £160 million. Imports from Brazil (mainly sugar, coffee and minerals) in 1973

were valued at £157 million; in 1974, at £195 million, and in 1975, at £174 million.

British Aid

Under its aid programme Britain provided Brazil with some £3 million in the five years 1970-74, most of it in the form of technical assistance grants. British aid in 1974 totalled £1,850,000, of which £1,270,000 was in the form of financial aid; of the remainder, £181,000 was for the education and training of Brazilian students in Britain, £261,000 for the provision of experts to assist Brazilian development, and £66,000 for the supply of equipment. At the end of 1974 there were 113 Brazilian students and trainees studying in Britain under technical assistance arrangements, while 57 wholly or partly financed British experts and four volunteers were at post in Brazil, most of them working in education.

In its first major financial aid commitment to Brazil, made in September 1974, Britain has agreed to provide a loan of £3·7 million in support of a £5 million rural electrification project in the north-east of Minas Gerais State. The project, which will cover 100,000 people living in five towns and nine villages, has the long-term aim of improving living standards by attracting industry to the region. Recent technical assistance has included the provision of experts, often provided in association with the Council for Technical Education and Training for Overseas Countries (see p 113, 1975), to advise on the teaching of gas engineering at the University of Campinas, and on the development of courses in shipbuilding and naval architecture at the post-graduate Engineering School at the Federal Institute, Rio de Janeiro. Advice has also been given to the Brazilian Government and Siderbras (State Steel Corporation) on a national training plan for the steel industry, and to the National Institute of Technology on the establishment of a centre for packaging technology. Other technical assistance projects include the assessment of coal and other mineral resources of the Parnaiba Basin (see also p 37), while advice on grain storage has been given to the Institute of Food Technology, Sao Paulo. Brazil also benefits from the British contribution to the Inter-American Development Bank (see p 20, 1975).

Shorter Notes

ROYAL VISIT TO FINLAND

The Queen, accompanied by the Duke of Edinburgh, paid a state visit to Finland from 25 to 28 May, preceded by an unofficial visit to Mariehamn in the Aland Islands on 24 May. In Helsinki, where they were received by President Kekkonen, their programme included a visit to the Finnish Parliament. On 27 May, the royal visitors travelled to the ancient capital of Finland, Turku, and subsequently visited the provincial capital of Central Finland, Jyväskylä.

In a speech at a luncheon given by the City of Helsinki, the Queen spoke of the common interest in trade shared by Britain and Finland; Britain had for many years been Finland's main customer for timber and looked forward to resuming this position as the present improvement in its economic circumstances continued. The subject of trade between the two countries was also discussed by the Duke of Edinburgh speaking to Finnish businessmen in Helsinki.

SELECT COMMITTEE'S REPORT ON CYPRUS

The House of Commons Select Committee appointed to report on the situation in Cyprus has issued its report (*Report from the Select Committee on Cyprus together with the proceedings of the committee, minutes of evidence and appendices, session 1975-76*, HMSO, £2, ISBN 0 10 233176 6). In its 19-point summary of conclusions and recommendations the committee criticises the British Government for not intervening in Cyprus during the *coup d'état* and the Turkish invasion in July and August 1974 (see pp 305-8, 1974). In a statement in the House of Commons (*Hansard*, 19.5.76, cols 1399-400), Mr Roy Hattersley, Minister of State at the Foreign and Commonwealth Office, said that the committee had ignored evidence demonstrating that military intervention would have been neither right nor possible. The Government accepted the view that it should do all it could to achieve a solution; that was, and always had been, its policy.

Pay Policy 1976-77

The outcome of the discussions between the Government and the Trades Union Congress (TUC) on pay and on the wider operation of the social contract (see p 271, 1974 and p 108, 1975) during the 12 months beginning on 1 August 1976 was reported by the Chancellor of the Exchequer, Mr Denis Healey, to the House of Commons on 5 May (*Hansard*, cols 1304-7). The new pay limit will permit a maximum weekly increase of £4 for those earning more than £80 a week and a minimum of £2·50 for those earning less than £50 a week, with a 5 per cent limit on increases for those in the middle band of earnings. The effect of the low upper limit will be to reduce the impact of the new agreement on the pay bill to about 4·5 per cent, well under half the increase represented by the £6 limit. The Chancellor said that the new level of pay increase was likely to be below that in practically all the Western developed countries in 1976 and the Government regarded the proposals, like the £6 proposals before them, as a thoroughly responsible and statesmanlike response by the TUC to the needs of the counter-inflation programme.

MR HEALEY'S STATEMENT

Mr Healey began by referring to his Budget speech (see p 207) in which he had said that Britain should aim at a further halving of its inflation rate by December 1977 in order to bring the rate at least in line with its foreign competitors – and that this would require, in the next pay round, that the nation's money wage bill should rise by under half as much as it was likely to rise during the present pay round. He had said that the tax reliefs (see p 204) described in the Budget were based on the assumption that the pay limit in the next round would be in the area of 3 per cent, but that much would depend on the way in which the new policy was structured.

Mr Healey said that the agreement reached between the Government and TUC representatives on recommendations for the next stage of counter-inflation policy had been endorsed by the TUC General Council by a 'very large and representative majority'; the general council would commend them to a special conference of the TUC on 16 June (see p 247).

New Pay Limit

On pay, the discussions had concentrated on two main questions: the structure of a new pay limit for the year from 1 August 1976; and the level of the limit and its impact on the nation's pay bill. Mr Healey explained that on structure, the discussions had produced an increasingly strict and tight form of limit, reducing progressively the risk of extra earnings increases through exceptions or leakage. On the level of the limit, both sides had been concerned to reach a conclusion which met the Government's counter-inflation requirements, which protected the low paid, while at the same time giving more room for differentials than the £6 limit (see pp 269, 318, 1975); and which, above all, would command the support of the trade union movement at all levels because there was no basis on which any incomes policy was likely to succeed in practice other than with the understanding and support of those on the shop floor. The result was a pay limit which, if approved by the TUC special conference, could be expected to add an average of 4·5 per cent to wages and salaries, or well under half the increase represented by the £6 limit (equivalent to about 10·5 per cent, to which the effect of equal pay and certain transitional provisions added upwards of 1 per cent).

Mr Healey said that he attached the highest importance to what he described as 'the clear and straightforward structure' of the new limit, and continued: 'In fact the structure of the new limit is in some respects even simpler than it has been for the £6 . . . . There is no question of consolidating pay increases under the £6 policy into basic rates and this alone could have added as much as 2 per cent to the total pay bill. No special exceptions are proposed for productivity bargains. There is no loophole for rectifying what people may see as anomalies. The calculation of pay increases during the year from 1 August is quite unambiguous and avoids the uncertainties of the pay bill for a group. The increase will take the form of a supplement to the pay of the individual, calculated week by week or month by month as 5 per cent of his total earnings, subject to a floor of £2·50 and a ceiling of £4, which will apply to incomes at all levels above £80 a week.'

Occupational Pensions

Apart from the changed form of the limit, the rules for the £6 limit would continue to apply, subject to a minor exception to permit the negotiation of

occupational pension schemes up to the level required by law to permit contracting out of the State scheme (see pp 162-4, 1975).

Price Controls

Mr Healey went on to say that the recent discussions had not been confined to pay alone and that the TUC had naturally stressed the vital importance of keeping the rise in prices to the minimum during the period of the new pay policy. The Government therefore believed that controls on both profits and costs had to continue, but that the régime of price control had to be so modified as to encourage investment and jobs in Britain's economy. As soon as discussions with the Confederation of British Industry (CBI), the TUC and all other interested parties on current price controls and the essential changes needed to ensure economic growth had been concluded, a further statement would be made to the House and a consultative document issued in the normal way.

(In a speech given at the annual dinner in London of the Confederation of British Industry on 18 May, the Prime Minister, Mr James Callaghan, said that the need of industry to be able to earn sufficient profit on its investment to protect jobs and to make much greater investment worth while required some modification of the present code, and talks about the modifications had already begun. The consultative document would be issued in June but the main lines for 1976-77 would be: additional provisions that would help stimulate investment in Britain's own economy and in jobs for its own people; a number of changes to help offset the effects of inflation on the depreciation of assets and stock appreciation; a review of the productivity deduction; other steps designed to deal with the way in which the code could penalise firms when their output expanded or when they cut costs; alterations in the way in which firms were categorised at present, in order to take account of inflation and to ease the administration of the controls; and lastly, technical changes, following representations by the CBI, designed to simplify the operation of the controls. The Government would in due course begin discussions with the CBI and other bodies such as the Retail Consortium and TUC about what was to happen when present legislative powers expired in August 1977.)

School Meal Charges

In order to contain the effect of price increases on those with growing families, the proposed increase of 5p in school meal charges due to take effect in September 1976 would not be implemented. This would cost £35 million in the current financial year.

Employment and Training

Recent surveys had shown that demand from exports and investment was now expected to increase rapidly; in consequence, the prospects for employment were much brighter.

Mr Healey said he had brought forward four separate sets of selective measures, in September 1975, December 1975, February 1976 and again in the April Budget (see pp 409-10, 1975 and pp 28-30, 113-15 and 205) to improve the prospects for employment, both directly – as through the introduction and improvement of the temporary employment subsidy – and indirectly, for example through the additional expenditure on industry schemes and to extend facilities for industrial training. Though the full effect of these measures had not yet come through, the Government estimated that more than 100,000 people already had jobs or training places as a result of them and Mr Healey proposed to allocate an additional £15 million for training and job creation by the Manpower Services Commission.

[Details of the measures to expand the training and job creation programmes were given by the Secretary of State for Employment, Mr Albert Booth, on 6 May. They were: training for a further 2,000 people under the Training Opportunities Scheme, costing £5 million; employment under the Job Creation Programme for a further 5,000 unemployed people, mostly young people, costing £5 million (the programme was now expected to employ 34,000 people by September 1976); the speeding up of Skillcentre accommodation plans to provide more training places in 1977, costing £4·25 million; and new office equipment to enable employment offices to improve the arrangements for the handling of vacancies, costing £750,000. The Government had already allocated more than £400 million to help alleviate unemployment, which sum was expected to provide 250,000 jobs and training places, of which 116,000 had already been realised.[

Tax Reliefs

Mr Healey concluded by saying that the Government proposed to recommend to Parliament the enactment in full of the conditional tax reliefs specified in the Budget if and when the new pay agreement had been approved by the TUC special conference.

TRADES UNION CONGRESS SUPPORT

Delegates at the special Trades Union Congress held in London on 16 June overwhelmingly endorsed the pay policy by 9,262,000 votes to 531,000 votes – a majority of more than 17 to 1 – with 840,000 votes uncommitted.

Speaking on the same day at the Labour Women's Conference at Folkestone, Kent, the Prime Minister, Mr James Callaghan, said that the decision was 'an expression of the national will to defeat inflation, to get Britain on the road to economic recovery and in due course to reduce unemployment. . . . There now exists in Britain a common purpose which gives us a better prospect for the future than we have had for many years.'

Sterling and the Economy

CHANCELLOR'S STATEMENT

It was announced on 7 June that the Government had secured a standby credit of $5,300 million from the Group of Ten countries, Switzerland and the Bank for International Settlements.

Standby Credit

Announcing the credit in the House of Commons (*Hansard*, 7.6.76, cols 912-15) the Chancellor of the Exchequer, Mr Denis Healey, said that there was no economic justification for the fall in the exchange rate of sterling which had taken place in recent weeks. The fall went beyond that required to make good past differences in the rates of inflation. This was not only the view of the British Government, he said, but also that which had been expressed by the central banks of the leading trading nations with whose agreement the Bank of England had just issued the following statement:

'Financial authorities from the Group of Ten countries and Switzerland, together with the Bank for International Settlements, noting that the recent fall in the value of sterling under exchange market pressure had led to disorderly market conditions which carried sterling to an unjustified level, today agreed, in the common interest of the stability and efficient functioning of the international monetary system, to make available to the Bank of England a standby credit in excess of $5 billion.'

This was a short-term facility made up of $2,000 million from the United States authorities and of $3,300 million from central banks in other Group of Ten countries and Switzerland, and from the Bank for International Settlements. Mr Healey's expectation was that any drawing on these funds would be only temporary. However, if any drawing on them could not otherwise be paid on the due date, the Government would be prepared to seek further drawing from the International Monetary Fund.

Economic Recovery

Mr Healey said that those who had sold sterling had done so in disregard of the basic facts of Britain's economic position. The economy was developing broadly on the lines which he had foreseen in the April Budget. There were now clear signs of an upturn in industrial production and a slowing down in the growth of unemployment. The rate of recovery in gross domestic product since the third quarter of 1975 might have been slightly above the annual rate of 4 per cent in the Budget forecasts.

The balance of payments on current account had been stronger than expected. In the three months to April the deficit averaged only £52 million a month, compared with £140 million a month for 1975 as a whole. Export volumes in the last few months had grown considerably faster than the 10 per cent annual rate which the Chancellor had foreseen in the Budget. Total import volumes, however, had grown relatively little despite substantial imports of industrial raw materials and semi-manufactures. North Sea oil was likely to reduce Britain's net imports of fuel by some £1,000 million in 1976 and this saving would grow steadily in the years ahead.

In the first half of 1975 prices had been rising at over 30 per cent a year. That rate had already been more than halved. The new pay limit agreed between ministers and the Trades Union Congress (TUC) (see pp 246-7) had received greater support in the TUC General Council than the £6 limit. The Chancellor was confident that the same would be true in the Special Congress, and that the new limit would be as successfully implemented during the next period as the £6 limit had been this year. This meant that Britain could look forward to a further halving of the rate of inflation in 1977 and to lower wage settlements than in any other industrial country.

Public Expenditure and Monetary Control

There was no economic case for changing the plans for public expenditure in the current year (see pp 110-13), the Chancellor continued, but the Government was determined to ensure that the planned total expenditure was not exceeded. The system of cash limits (see pp 209-10), and the improved financial information system for Government expenditure, would play an important part in this, as would the new arrangements[1] for monitoring expenditure of local authorities. These had given an early warning that local authority estimates for the current year exceeded the public expenditure White Paper programmes. In agreement with the Consultative Council on Local Government Finance the Government had made it clear that the local authorities must bring these estimates within the White Paper figures.

New arrangements had been introduced for monitoring claims on the contingency reserve which is included in the White Paper totals for each year. The contingency reserve for 1976-77 had been set in January 1976 at a level which was £875 million in current prices. By the end of April 1976 over £400 million of this had been committed. The Government would not allow the contingency reserve to be exceeded. This meant that further claims would have to be made within the balance outstanding or by offsetting reductions. The Government was now reviewing expenditure programmes for future years in the normal way through the public expenditure survey. Mr Healey said that he had already made it clear that these programmes would be adjusted as required to meet the prior claims of exports and investment 'in the light of the expected rate of recovery'.

The Chancellor also recalled saying in his Budget speech that, while allowing for the financial needs of industry, he would not permit the growth of the money supply to stimulate inflation. The Government had been 'conspicuously successful' in controlling the money supply. The Chancellor was ready to take further action in the fiscal field as well as the monetary one if that should prove necessary.

In the monetary field the Governor of the Bank of England had asked the banks in December 1975 to ensure that the needs of manufacturing industry for finance or facilities were fully met and that any expansion of their business was directed towards manufacturing industry for the expansion of exports, import saving, industrial investments and working capital. The Governor, Mr Healey said, intended to ensure that this guidance continued to be strictly adhered to. However, the most important objective was to continue financing a large part of the borrowing requirements outside the banking system. To this end the Treasury was announcing the issue of £800 million of a new long-dated stock.

[1] A return of local authority expenditure and rates was instituted jointly in 1976 by the Department of the Environment and the Chartered Institute of Public Finance and Accountancy to give earlier information about local government spending intentions.

Local Government Finance

The report of the Committee of Inquiry into local government finance, under the chairmanship of Mr Frank Layfield, QC, was published on 19 May (Cmnd 6453, HMSO, £5·75, ISBN 0 10 164530 9). The report finds a lack of clear accountability for the money being spent by local authorities. This, it says, is because there is confusion between the central Government and local authorities about responsibility for decisions to spend money. The report poses a choice: either the Government must decide how much local authorities should spend and for what purposes and accept the main responsibility for raising the money, or else local authorities must carry the main responsibility.

In either case, the report considers that the rating system [a form of tax on property], with some modifications, must continue to provide a substantial amount of local revenue. It finds that there is a case for a tax on property and that it has great advantages as a local tax. The report examines the effects of rating compared with other taxes and concludes that the abolition of rating would not be justified in terms of improving the fairness of the system. However, rating could not finance a larger share of local spending. If the Government took over the main responsibility for local spending it would have to finance an increasing share through grants. If, however, local authorities were given more responsibility, a local income tax would be needed to provide them with an extra source of revenue. Either choice would allow a reduction in the burden of rating below its present level if required.

Accountability

The report stresses throughout the need for accountability. It emphasises that whoever is responsible for spending money should also be responsible for raising it, so that the amount of expenditure is subject to democratic control. Consequently, it rejects suggestions that a prescribed share of national taxation should be assigned to local authorities or that the Government should meet the full cost of certain items of local expenditure, such as teachers' salaries. It concludes that the Government cannot provide local authorities with most of their income without deciding how much they should spend.

In the period from 1949 to 1974 local government spending as a proportion of gross domestic product increased from 8·6 per cent to 12·4 per cent. The report finds that the main reason for this increase was public pressure for wider and improved local services. Most of the increase was financed by higher Government grants and was accompanied by greater Government intervention and the result has been confusion as to who has been responsible for the increased spending. Local accountability has been weakened without being replaced by effective Government control. The report concludes that the present confusion will continue unless the Government takes more explicit responsibility. That would mean Government deciding how much each local authority should spend and for what purpose – a major new administrative task.

The alternative would be to reverse the trend towards greater central Government control over local services by strengthening local accountability. Local authorities would be responsible to their electorates both for the expenditure they incurred and the revenue they raised. The Government would intervene only on essential issues of national policy. New controls would be required, which would enable the Government to control the total of local authorities' spending for the purposes of managing the economy, without thereby influencing local authorities' preferences over the development of individual services.

The Rating System

The rating system would be retained in either case. However, the report recommends a number of changes in the system. These include the assessment of domestic property on the basis of capital values instead of rental values as at present; the rating of agricultural land and buildings; changes in the method of valuing certain public utilities and Crown properties; payments by monthly instalments for all ratepayers; modifications in the appeals procedures; and early relief for small businesses occupying combined residential and commercial premises.

Local Income Tax

Although rating can continue to provide a substantial amount of revenue, the report finds that it could not finance a large enough share of local expenditure to support a system in which the main responsibility was placed with local authorities. To provide the necessary revenue a local income tax would have to be introduced. Such a tax would be feasible if it were accompanied by some changes in the national income tax system. It would be levied by non-metropolitan counties, metropolitan districts, and Scottish regions. The tax would take five years to bring into operation and would necessitate 12,000-13,000 extra Inland Revenue staff. Its implementation would cost the Inland Revenue about £50 million a year and the cost to employers could be as much again. The introduction of local income tax would not necessarily lead to an increase in the overall level of income tax. Its main purpose would be to reduce the amount of Government grants, which would allow a corresponding reduction in the national taxation needed to finance the grants. However, the report emphasises that the cost of local income tax would be justified only as a part of a strategy to leave more decisions to be taken locally.

Recommendations

The recommendations in the report are mainly long term. Among the changes recommended for early implementation, whatever the choice between Government and local authority responsibility, are:

1 The abolition of 'precepting' in England and Wales, so that each local authority becomes evidently responsible for its own rate demand even though the rate bills would continue to be paid jointly.

2 The establishment of a new joint central-local government institution with an independent secretariat. Its purpose would be to improve the flow of information between central and local government and to monitor the relationship between them.

3 Changes in the audit arrangements to encourage efficiency and value for money.

4 A joint review by central and local government of policies that govern fees and charges made for services.

5 The separation of the charges of the water authorities from the rate demand as soon as possible.

Ministerial Statement

In a statement to the House of Commons on 19 May (*Hansard,* cols 1415-16) the Secretary of State for the Environment, Mr Peter Shore, said that before announcing any decisions on the committee's recommendations the Government would want to hear the views of local government, other interested parties, and of both Houses of Parliament. The Government proposed to press ahead urgently with its consultations and studies and would be discussing the report with the Consultative Council on Local Government Finance and with the Convention of Scottish Local Authorities.

Fisheries and Law of the Sea

There were several important developments during May and early June concerning fisheries and the law of the sea. While prospects developed for international agreement on the establishment of a 200-mile exclusive economic zone, Britain and Iceland reached an agreement in their fisheries dispute and the British Government stated its views on the proposed revision of the European Community's common fisheries policy.

LAW OF THE SEA

The Third United Nations Conference on the Law of the Sea (see p 236, 1975) ended its fourth session in New York on 7 May. A further session is to be held in New York from 2 August to 17 September.

The results of the fourth session are summed up in a revised single negotiating text. One of the most important proposals in the text refers to the establishment of a 200-mile exclusive economic zone (EEZ) within which coastal states would have sovereign rights over economic resources. Speaking in a debate on the conference in the House of Lords (*Hansard, HL,* 19.5.76, cols 1395-415 and 1423-55), Lord Goronwy-Roberts, Minister of State for Foreign and Commonwealth Affairs, reported that there was 'a growing and already widespread consensus among the nations of the world in favour of a 200-mile limit to the EEZ'.[1] (See p 251.)

In a statement made in the House of Commons on 20 May (*Hansard,* written answers, cols 727-8), Mr Evan Luard, Parliamentary Under-Secretary of State in the Foreign and Commonwealth Office, said that many parts of the revised single negotiating text were essentially unchanged and broadly satisfactory. On the international sea-bed regime, the text represented substantial progress in the assurance it gave about access for states and their companies to the resources of the area. [The previous text provided for all exploitation in the international sea-bed area to be under the immediate control of the International Sea Bed Authority.] On pollution and marine scientific research, there were a number of changes to the previous text, and – while it was too early to give a considered assessment – the new text seemed at least to provide a reasonable basis for further negotiation. The Government welcomed the decision of the conference to hold a further session in August and September.

[1] In answering questions in the House of Commons on 26 May following his statement about meetings of the Council of Ministers of the European Community (*Hansard,* cols 437-45), Mr Roy Hattersley, Minister of State for Foreign and Commonwealth Affairs, said that Britain had accepted that a 200-mile limit was the most likely outcome of the conference, but other member countries of the Community did not believe that it would be and hoped that it would not be. Britain's policy would be to encourage other Community members 'to accept the reality and act on that principle'.

ANGLO-ICELANDIC FISHERIES AGREEMENT

The fisheries dispute between Britain and Iceland (see pp 62-4 and 116-18) ended on 1 June when an agreement was signed in Oslo by the British Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, and the Icelandic Foreign Minister, Mr Einar Agustsson. Under the terms of the agreement only 24 British trawlers a day will be allowed to fish within 200 nautical miles off Iceland. Diplomatic relations between the two countries, which were broken off by Iceland of 19 February, have now been restored.

Details of Agreement

The agreement limits the fishing to an average of 24 trawlers a day. Only trawlers included in the list attached to the agreement will be permitted to fish. The British Government will ensure that the conservation areas established in the interim agreement of 13 November 1973 (see pp 488-9, 1973), as amended by the Icelandic authorities after the expiry of that agreement (that is, after 13 November 1975), will be respected by British trawlers.

The British Government will also ensure that British trawlers will not fish closer than 20 miles from the Icelandic coastal baselines, or closer than 30 miles from those baselines within sectors reserved for small boats off the west, north and east coasts.

British trawlers will have to conform to conservation measures imposed on Iceland's own fishing fleet and will be restricted as to the type of net used.

Supervision and Sanctions

The British Government will ensure that the position of British trawlers fishing in accordance with the provisions of the agreement, and the progress of their catch, will be notified to the Icelandic authorities. Should a vessel be discovered fishing contrary to the terms of the agreement, the appropriate Icelandic authorities will have the right to stop it and investigate, and, if an infringement is suspected, to summon the nearest British support vessel. Any trawler found to have violated the terms of the agreement will be crossed off the list.

Tariff Concessions

The British Government has undertaken to invite the European Economic Community to apply, as soon as the necessary arrangements can be made, the provisions of Protocol No 6 to the Agreement of 22 July 1972 between Iceland and the Community, which granted Iceland certain tariff concessions on its fish products. The Government will use its best endeavours to ensure that these concessions will be applied at the level which they would have reached had the protocol been in force since 1973.

The Anglo-Icelandic agreement does not prejudice the views of the two Governments with regard to the mutual limitation of their areas of jurisdiction.

The agreement, which entered into force on 1 June, is to last for six months. After its expiry, British vessels will fish within 200 nautical miles off Iceland only to the extent provided for in arrangements agreed with the Icelandic Government.

Government Statement

In his statement on the agreement in the House of Commons (*Hansard*, 7.6.76, cols 936-47), Mr Crosland said that much had changed since his predecessor, Mr James Callaghan (now Prime Minister), had last made a statement to the House on the dispute on 4 February (see p 63).

Background

'The Law of the Sea Conference has met again', continued Mr Crosland, 'and, while no final agreement was reached, the trend towards 200-mile limits is now clearly irreversible. [See p 250.] Thirteen countries have already declared such limits. Canada, the United States, Norway, and other countries have publicly announced their intention to extend [their limits] to 200 miles, and Britain is inviting the EEC to do the same at an early date.' (See p 250, footnote.) It was against this background of 'an inexorable world-wide move towards 200-mile limits', a move from which Britain and the EEC could not long remain exempt, that the Government had had to decide whether once more to seek an agreement with Iceland.

Alternatives

Speaking of the alternatives to the agreement, Mr Crosland stated that there had been in fact only one. 'That was', he said, 'to continue to pursue the cod war, with the certainty of dangerous escalation, with international and especially NATO opinion moving sharply against us, at a mounting cost in terms of naval protection, with our moral position steadily eroding as nation after nation accepted the principle of 200 miles, until after only a few months Britain and the EEC ourselves accepted 200 miles. At that moment any claim on waters off Iceland would disappear; meanwhile we should have lost goodwill on a massive scale, and our bargaining position with the Community over the common fisheries policy would have been seriously complicated.'

Effect on Fishing Industry

Referring to the criticisms of the agreement, especially by trawler owners, Mr Crosland pointed out that 'in a world of 200-mile limits the industry must face a major adaptation'. 'The content of the catch', he said, 'will change dramatically. The distant water fleet will decline, the inshore and near water fleets will expand.' The 'painful changes' which now face the Humber ports and Fleetwood [the ports most affected by the restrictions on fishing off Iceland] would have had to occur whether the agreement had been concluded or not. He pointed out that the agreement had been as passionately denounced in Reykjavik as it had on Humberside. He regarded it as a concession only to common sense.

Turning to the future, Mr Crosland said: 'This is the first step in a long process of adaptation which the British fishing industry, like other fishing industries, will have to face in this new world of 200-mile limits. The next steps will be an urgent study by the Government of what help it can give towards the restructuring of the industry, the revision of the common fisheries policy, and a decision by the EEC on its own 200-mile limits. The British Government will now at once pursue the necessary consultations, both with the industries at home and with our partners abroad.'

'I am certain', he said, 'that, with help from the Government and the EEC, while relying also on its own resilience and initiative, the British fishing industry will emerge from these changes a different, but still a vital and prosperous industry.'

The Foreign Secretary expressed his thanks to Mr Knut Frydenlund, the Norwegian Foreign Minister, for his 'invaluable' help in making possible the contacts which had led to the agreement, and also to the NATO Secretary General for his efforts in the same direction.

COMMON FISHERIES POLICY

A satisfactory coastal regime and a workable quota system were put forward as two major elements of a successful review of the Community's common fisheries policy (CFP) by Mr Roy Hattersley, Minister of State for Foreign and Commonwealth Affairs, in a speech at the meeting of the Community's Council of Ministers on 4 May. Mr Hattersley began by describing two fundamental facts about the CFP. First, the CFP, in its present form and with its present content, would be deeply damaging to the interests of the British fishing industry if 200-mile exclusive economic zones were widely accepted (see pp 116, 118-19 and 250); the idea of such zones had not been conceived when the CFP had been envisaged and approved. Secondly, the Community had agreed [in April 1975] to the British suggestion that the CFP should be revised, and the Commission had produced some very valuable suggestions (see pp 118-19).

British Suggestions

Mr Hattersley stressed that decisions were urgently necessary as the widespread extension of limits to 200 miles was inevitable and might be imminent (see p 250). The Commission's communication provided a useful basis for discussion but a number of crucial changes were still necessary. He then offered suggestions as to how progress could be made.

Coastal Belts

Mr Hattersley said that coastal belts, effectively reserved for the member states with which they were contiguous, were an essential part of the new package. The British fishing industry asked for a 100-mile limit. The Government had told them that a belt of that size was unobtainable; however, the 12-mile exclusive zone proposed by the Commission would not meet Britain's needs. It had been found that many of the key areas for Britain were within 35 miles and all were within 50 miles. While there would be many advantages in as wide a uniform band as possible, Britain might be ready to consider a variable belt with the precise width to be determined by regional factors. While it could not consider anything less than 12 miles in any area, examination of relevant regional factors might justify a belt of as little as 12 miles or as much as 50 miles in different areas. If the general principles were agreed Britain would soon be ready to indicate the areas of special importance and the widths proposed.

Quota System

Mr Hattersley said that the second element in an acceptable CFP was an effective quota system. The viability and acceptability of this part of the policy depended on the enforcement of catch limits and other conservation measures. The Government was working on this problem and would offer the Commission any conclusions reached.

Speaking of relations with non-member countries, Mr Hattersley expressed the hope that the Commission would soon report what sort of agreements might be reached with Iceland and Norway, and that the fishing in Community waters of those countries with no fish of their own to offer to the Community would be phased out.

The Commission had suggested that historical rights within coastal belts should be phased out. 'In one sense', said Mr Hattersley of this suggestion, 'it is very much in the United Kingdom's interest. However, we want the new CFP to meet the legitimate needs of all Community members.' If a reappraisal of the policy were to lead to economic and political difficulties in other member states, Britain would want these difficulties to be taken into account when the extent of the coastal waters and the regime to operate in them were being fixed.

Following the Council meeting, the Committee of Permanent Representatives is to make a detailed study of the problems involved in the review of the CFP.

Offshore Oil and Gas

ANNUAL REVIEW

The fourth review of the development of the oil and gas resources in the British sector of the Continental Shelf, published on 29 April, records the substantial progress made during 1975 including the start of oil production in the British sector, further successes in exploration which resulted in a record number of discoveries, and a 30 per cent increase in proven oil reserves.[1]

Production

The first oil from the British sector was landed in June 1975 (see p 281, 1975) and production in 1975 from the Argyll and Forties fields totalled 1·1 million tonnes. In February 1976 production from the Auk field started (see p 120) and a further four fields – Beryl, Brent, Montrose and Piper – are expected to begin production later in 1976. Forecasts of oil production indicate a rise in output from between 15 million and 20 million tonnes in 1976 (equivalent to about a fifth of Britain's oil consumption and worth about £900 million on the balance of payments) to between 95 million and 115 million tonnes in 1980, slightly lower than previously forecast because operators are spending more time on preparing the development of new fields. By 1980 production will probably exceed demand. During the 1980s the annual rate of production is forecast to be between 100 million and 150 million tonnes, but may be higher in some years.

In 1975 production of natural gas from the British Continental Shelf amounted to 37,200 million cubic metres, representing 97 per cent of Britain's gas supplies. Sufficient gas reserves have been discovered to support production of about 200 million cubic metres a day by the 1980s.

Exploration and Other Developments

Exploration activity reached a new peak in 1975 when there were 24 significant discoveries of oil, nearly doubling the total number of oil finds, and four of gas or gas condensate.[2] The success rate for exploration in the British sector is 20 per cent of wells drilled (about 40 per cent in the area east of Shetland), compared with a worldwide proportion for offshore exploration of 5 per cent. In 1975 some 115 exploration and appraisal wells were drilled, 15 more than in 1974, bringing the total since the start of exploration to 796, and the average number of mobile rigs rose from 24·5 in 1974 to 27·7 in 1975. However, exploration activity is expected to be at a lower level in 1976 as operators move towards completion of obligatory drilling programmes. Although only one new oilfield – the British section of the Statfjord field – was declared commercial during 1975, several other finds are being appraised and development plans considered. Gasfields and named oilfields are shown on the map on p 253, and Tables 1 and 2 contain information about individual fields.

Development of the oilfields in the northern North Sea proceeded during 1975, when the first wells for production were drilled and eight production platforms installed, and is expected to expand rapidly in 1976. About 392 miles (631 kilometres) of pipeline were laid in the British sector in 1975 and the laying of the pipelines to the Cormorant, Frigg and Ninian fields should be completed during 1976.

[1] *Development of the Oil and Gas Resources of the United Kingdom 1976.* Department of Energy. HMSO, £1·80. ISBN 0 11 410276 7.

[2] Seven discoveries of oil and one of gas have been made in 1976.

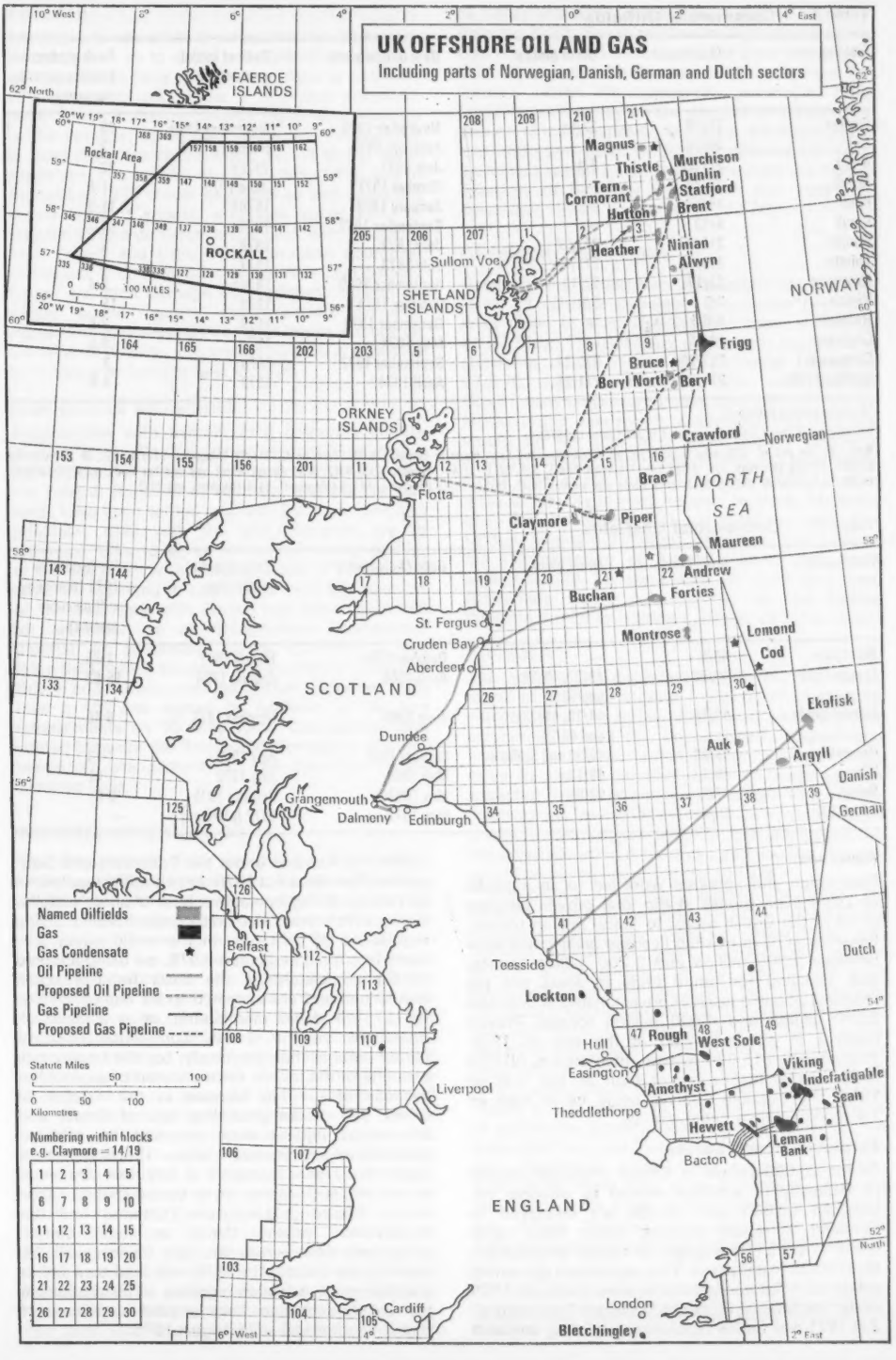
UK OFFSHORE OIL AND GAS
Including parts of Norwegian, Danish, German and Dutch sectors
FAEROE ISLANDS
Rockall Area
ROCKALL
100 MILES
SHETLAND ISLANDS
Sullom Voe
ORKNEY ISLANDS
Flotta
Magnus
Thistle
Murchison
Dunlin
Statfjord
Tern
Cormorant
Brent
Hutton
Heather
Ninian
Alwyn
Frigg
Bruce
Beryl North
Beryl
Crawford
Brae
Claymore
Piper
Maureen
Andrew
Buchan
Forties
St. Fergus
Cruden Bay
Aberdeen
Montrose
Lomond
Cod
Ekofisk
Auk
Argyll
Dundee
Grangemouth
Dalmeny
Edinburgh
SCOTLAND
NORWAY
NORTH SEA
Norwegian
Danish
German
Dutch
Belfast
Teesside
Lockton
Hull
Easington
Rough
West Sole
Viking
Indefatigable
Sean
Amethyst
Theddlethorpe
Hewett
Leman Bank
Bacton
Liverpool
ENGLAND
Cardiff
London
Bletchingley
Named Oilfields
Gas
Gas Condensate
Oil Pipeline
Proposed Oil Pipeline
Gas Pipeline
Proposed Gas Pipeline
Statute Miles
Kilometres
Numbering within blocks
e.g. Claymore = 14/19

Table 1 **Commercial Oilfields**

Field name	Main block	Other blocks	Date of discovery	Date of initial production	Peak production* (million tonnes per year)
Forties	21/10	22/6a	November 1970	November 1975	20
Auk	30/16	—	February 1971	February 1976	2
Brent	211/29	3/4	July 1971	1976†	22
Argyll	30/24	—	October 1971	June 1975	1·8
Piper	15/17	—	January 1973	1976†	11·9
Beryl	9/13	—	September 1972	1976†	4
Dunlin	211/23	211/24	July 1973	1978	5
Thistle	211/18	211/19	July 1973	1977	8·8
Montrose	22/17	22/18	September 1969	1976†	2·4
Ninian	3/3	3/8	January 1974	1978	15
Heather	2/5	—	December 1973	1978	2·5
Claymore	14/19	—	May 1974	1977	8·5
Cormorant	211/26	211/21	September 1972	1978	2
Statfjord (UK)	211/24	211/25	April 1974	1978	4·5

*As estimated by operators.

†Production in these fields is expected to start later in 1976.

Note: By the end of 1975 other significant oil discoveries had been made in blocks 210/25 (Tern field), 211/12 (Magnus), 211/18, 211/19 (Murchison), 211/27, 211/28 (Hutton), 2/5, 2/10, 3/2, 3/4 (two finds), 3/9, 3/11, 3/14a (Alwyn), 3/15, 9/12, 9/13 (Beryl North and another find), 9/28 (Crawford), 14/20, 15/13, 15/16, 15/21, 15/23, 16/7 (Brae and another find), 16/21, 16/28 (Andrew), 16/29 (Maureen), 21/1 (Buchan) and 21/2.

Table 2 **Commercial Gasfields**

Field name	Main block	Other blocks	Date of discovery	Date of initial production	Production in 1975 (thousand million cubic metres)
West Sole	48/6	—	October 1965	March 1967	1·85
Leman Bank	49/26	49/27, 49/28 and 53/2	April 1966	August 1968	15·62
Indefatigable	49/18	49/19, 49/23 and 49/24	June 1966	October 1971	6·40
Hewett	48/29	48/30 and 52/5a	October 1966	July 1969	7·73
Viking	49/17	49/12a	May 1968	July 1972	5·61
Rough	47/8	47/3a	May 1968	October 1975	0·01
Frigg (UK)	10/1	—	May 1972	1977 (planned)	—

Reserves

Exploration and appraisal work led to an increase of 295 million tonnes in the total proven reserves of oil in the British sector to 1,350 million tonnes. Reserves of oil in existing licensed areas could total between 2,300 million and 3,200 million tonnes, and, allowing for future finds in areas not yet licensed, possible reserves are estimated at between 3,000 million and 4,500 million tonnes. Proven reserves of gas remaining at the end of 1975 amounted to 815,000 million cubic metres, 50,000 million cubic metres higher than at the end of 1974, and possible reserves could be as high as 1·4 million million cubic metres.

Employment and Safety

Of the 80,000 people in Britain employed directly or indirectly in activities related to offshore oil, between 50,000 and 55,000 are employed in Scotland. A rapidly growing labour force – over 6,000 in 1975 – is engaged in regular employment on offshore installations. Two regulations governing safety of offshore operations were made in 1975 under the Mineral Workings (Offshore Installations) Act 1971 and further regulations are being prepared under this Act and under the Petroleum and Submarine Pipe-lines Act 1975. British safety regulations governing diving operations from offshore installations, which were the first comprehensive diving regulations of their type in the world when they came into force in January 1975, are being adopted almost completely as the basis for Norwegian regulations and are expected to be copied widely. In 1975 six divers died during, or as a result of, operations on the British Continental Shelf, a higher number than previously, but the fatality rate was one of the lowest since the start of exploration because of the big increase in the number of divers. Ten deaths (including four of divers) and 50 serious injuries were recorded on offshore installations and attendant boats. The Government hopes that higher standards of expertise as a result of training, such as that given by the Drilling Technology Centre at Livingston (Lothian) and the Underwater Training Centre at Loch Linnhe (Highland) from where the first trainees will be entering the industry in 1976, will lead to a fall in accident rates. A system requiring all installations in the British sector to have a valid certificate of fitness was introduced in August 1975.

Pollution

All offshore operators are required to carry out production so as to avoid pollution of the sea and are expected to have contingency plans to deal with any spillage of oil. Under a voluntary scheme – the Offshore Pollution Liability Agreement – set up by the industry, up to $16 million will be available to meet the costs of dispersing the oil and of compensation. The scheme started in May 1975 and in September 1975 it was extended so that operators in six other European countries could join. In October 1975 a conference was held, with delegates from Britain and eight other European countries, to discuss a convention dealing with civil liability for oil pollution damage from offshore operations which would replace the voluntary scheme. Agreement was reached on most issues, except on the level of liability, and the conference is expected to continue in London later in 1976.

International Boundaries

Negotiations with neighbouring countries on the division of the Continental Shelf continued during 1975. Britain's offshore boundaries with Denmark, the Federal Republic of Germany and the Netherlands have been settled and with Belgium agreed in principle; talks with the Irish Republic are in progress; talks to agree on the remaining section of the boundary with Norway, north of the present limit, are expected to begin soon; and the question of the boundary with France has been submitted for arbitration to an independent international tribunal. An agreement on the operation of the Frigg field, which straddles the median line between Britain and Norway, was initialled in December 1975 (see p 45) and signed by ministers of the two Governments on 10 May 1976. Discussions have started between the British and Norwegian Governments on arrangements for the operation of the Statfjord field.

EXPORTS OF CRUDE OIL

The Secretary of State for Energy, Mr Anthony Wedgwood Benn, informed the House of Commons on 26 April (*Hansard*, written answers, cols 1-2) that the first oil from the British sector of the Continental Shelf for export, from the Forties field, would be shipped the following day to the Federal Republic of Germany. Mr Benn said that British Petroleum (BP) expected to export some 400,000 tonnes of crude oil from its Forties field in the second quarter of 1976 and that this would benefit Britain's balance of payments by about £20 million. He had discussed BP's plans with the chairman of the company, Mr David Steel, in view of the Government's great interest in the matter because of the implications for Government revenues and the balance of payments. Mr Steel had told him that BP's policy was to process, within operational and commercial constraints, as much of its North Sea production as possible in its British refineries; to explore the feasibility of disposing of oil surplus to the company's requirements to other companies seeking oil for refining in Britain; and to charge prices for overseas sales (expected to be rather less than one-third of production from the Forties field in the second quarter of 1976) that fully reflected the value of crude oil from the North Sea in relation to other similar crude oils. Mr Benn said he had told Mr Steel that in the light of this the Government saw no reason for concern about the company's proposals. (The Government's policy on the disposal of offshore oil and on refinery capacity, including the expectation that up to two-thirds of Britain's offshore oil might be refined within Britain, was set out by the former Secretary of State for Energy, Mr Eric Varley, in December 1974 – see pp 476-7, 1974.)

OFFSHORE LICENSING

Details of the Government's proposals for the fifth round of offshore petroleum production licensing were given in a consultative document published on 27 May.[1] The Secretary of State for Energy, in a statement in the House of Commons (*Hansard*, 27.5.76, written answers, col 303), said that the Government proposed to offer between 50 and 60 blocks in the next round of licensing and that this would be the start of a more orderly licensing strategy, intended to maintain activity at a reasonably stable level in the future through licensing smaller areas of territory at more frequent intervals. Mr Benn said that he hoped that consultations with the United Kingdom Offshore Operators Association, the Confederation of British Industry and trade unions would be completed in June and that regulations would subsequently be laid before Parliament prior to inviting applications for licences.

Proposals

The consultative document noted that the fourth round of licensing created a high level of offshore activity which, as development work on fields was completed, would not be sustained. Accordingly, licensing would be undertaken on a smaller scale more frequently; another round of licensing was expected within about a year of the fifth round. Applications for the fifth round were expected to be invited in the summer of 1976, the application list would be closed in the autumn and the first licences would be issued about the end of 1976.

The criteria for judging applications would be similar to those of previous rounds – financial and technical capability, previous experience and relevant exploration work, contribution to the British economy, and, in the case of overseas applicants, equitable treatment by their Governments of British applicants for licences. In addition, the Government would take into account the record of companies in the voluntary participation negotiations and in offering fair opportunities to British suppliers of equipment and services. There would be no restriction of applicants on grounds of nationality. Applications would be invited on the basis of 51 per cent State participation in all licences and companies which were notified that their applications were likely to be successful would be required to settle a form of operating agreement with the British National Oil Corporation (BNOC) before licences were issued. Proposed guidelines on

[1] *UK Offshore Petroleum Production Licensing: Fifth Round.* A Consultative Document. Available from the Department of Energy Library, Thames House South, Millbank, London SW1P 4QJ, free (limited).

the relationship between the BNOC and its co-licensees were set out in the consultative document.

Among changes proposed in licensing conditions were changes in the length of time for which licences were valid. In future the Secretary of State for Energy would award offshore production licences for an initial period of four years after which licensees would be required to surrender not less than one-third of the area; after a further three years they would have to give up another one-third. They would then be able to opt to continue the licence for a further 30 years in respect of the remaining one-third of the area. This compared with the present requirement that at least one-half of the licence must be surrendered after six years, with the licensee being able to hold the licence for a further 40 years in respect of the rest of the area. The term of exploration licences would be increased from three to six years.

GAS PIPELINES

The Government is considering a report, published in edited form (to safeguard confidential information given by companies) on 13 May, which recommends two further gas pipelines to collect gas produced from offshore fields, mainly oilfields and gas condensate fields, in the northern basin of the North Sea.[1] The Secretary of State for Energy said in the House of Commons (*Hansard*, 13.5.76, written answers, cols 253-4) that the report, which had been commissioned to give a rapid assessment of the position, provided evidence of large amounts of gas for which companies had no precise development plans. However, more detailed studies were needed before any decision could be taken to go ahead with a project on these lines. Comments on the report from interested parties were being invited by the end of July 1976.

The report estimates that daily gas production from fields in the northern basin of the British sector of the North Sea (excluding the Brent and Frigg fields) might be 1,500 million cubic feet (42 million cubic metres) with an additional annual production of 9 million tons of heavier gases. Special gas pipelines to the shore from individual fields containing small amounts of gas would not be economically feasible. Alternative pipeline systems were examined and the report recommends that the Department of Energy should consider particularly a system based on four pipelines, which would provide enough flexibility to cope with further finds. The four pipelines, all running to St Fergus, would include two already agreed: the proposed pipeline to the Brent field, which would also take gas from a number of other northern fields; and the Frigg pipeline which is under construction. There would be two new pipelines: one from the Statfjord (UK) field via the Ninian, Alwyn and Beryl fields to St Fergus, and a southern system of pipelines meeting at the Piper field for gas from Piper and other fields such as Forties, Lomond, Brae, Crawford and Andrew.

[1] *A Study of Gas Gathering Pipeline Systems in the North Sea.* A report to the Department of Energy by Williams-Merz, consulting engineers of Newcastle upon Tyne. Available from Department of Energy Library, Thames House South, Millbank, London SW1P 4QJ. £10.

MINISTERIAL RESPONSIBILITY FOR NEGOTIATIONS ON GOVERNMENT PARTICIPATION

Changes in ministerial responsibility for negotiations with oil companies on State participation in offshore oil developments were announced by the Prime Minister, Mr James Callaghan, in the House of Commons on 4 May (*Hansard*, written answers, cols 289-90). Mr Callaghan said that he had reviewed the present arrangements whereby the lead in the negotiations was taken by the Chancellor of the Duchy of Lancaster assisted by the Secretary of State for Energy and the Paymaster General. Complex and detailed negotiations, involving a growing number of companies, were proceeding and the main burden was falling increasingly on the Department of Energy in consultation with the Treasury and the British National Oil Corporation. Accordingly he had decided to redistribute ministerial responsibilities. The Secretary of State for Energy would formally become responsible for taking the lead in the conduct of the negotiations, while the Chancellor of the Duchy of Lancaster would continue to be closely associated in the negotiations and the role performed by the Paymaster General would be taken over by the Chief Secretary to the Treasury. Mr Callaghan added that he had noted with great satisfaction the encouraging progress being made with Britain's North Sea oil programme.

Industrial Awards

The Queen's Awards for Export and Technology and the Design Council Awards were recently announced. The following contains details of some of the companies and products which received awards.

QUEEN'S AWARDS

Details of the Queen's Awards for Export and Technology were published on 21 April. The scheme, formerly the Queen's Award for Industry (see pp 443-4, 1975), now consists of two separate awards, the Queen's Award for Export Achievement and the Queen's Award for Technological Achievement. The criterion for the Queen's Award for Export Achievement is 'a substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of the applicant unit's operations', while that for the Queen's Award for Technological Achievement is, 'a significant advance, leading to increased efficiency, in the application of technology to a production or development process in British industry or the production for sale of goods which incorporate new and advanced technological qualities'.

There are 115 awards this year, comprising 95 for export achievement and 20 for technological achievement. The recipients represent a wide spread of industrial and commercial activity and of size of company. The list includes the tenth export award conferred upon Courtaulds (which manufactures

man-made fibres, textiles and chemicals), or members of the Courtaulds group, since the scheme's inception in 1965. Others are awarded to exporters of aircraft, scientific instruments, motor vehicles, machine tools, medical products, crop protection and production chemicals, and a wide range of other products and equipment. For technological innovation the awards cover such advances as the development of new guided weapon systems; an integrated telecine unit; highly active safe insecticides; and an improved materials-testing machine.

Export Achievement

Among companies receiving awards for export achievement is Avery Export. The export sales organisation of Avery accounts for more than half of Britain's exports of weighing and testing machinery. Exports more than doubled in a recent three-year period to approximately £6·5 million annually with sales throughout the world. Special achievements range from a large contract for optical baggage scales, with an electronic digital reading, for Nairobi airport, Britain's biggest ever weighbridge, for Iran, and an electronic weighing-in-motion system for weighing pig carcasses, for Denmark. In the aircraft industry, the British Aircraft Corporation receives its fourth export award. Contributing to the achievement are exports of civil aircraft, military aircraft, guided weapons, missile systems, sounding rockets and communications satellites. A further substantial contribution comes from the services provided under the corporation's large five-year contract for the supply of expertise and manpower to support the operation of the Royal Saudi Air Force.

Another recipient of an export award is Cambridge Analysing Instruments, a member of the Cambridge Instrument Group. The company is a scientific instrument manufacturer whose image analysers form its major exports. Over a three-year period export sales have doubled to reach a level of £2·7 million annually representing well over 80 per cent of output. Contributing to this achievement is the growing importance of image analysis and its application in the more difficult biochemical field resulting from technical advances by the company.

In the construction industry Costain International, a subsidiary of Richard Costain, has experienced very large increases in overseas earnings to reach a level of over £33 million annually. The company's efforts have been concentrated on developing business in the Middle East and among major contracts is a joint venture on a dry dock complex in Dubai to handle oil tankers of up to 1 million tons deadweight. The value of work outstanding on current overseas contracts at the end of June 1975 amounted to approximately £114 million. Sir William Halcrow and Partners, a leading civil engineering and architectural consultancy, receives an award for its net overseas earnings which have increased almost sevenfold over a three-year period. Special achievements include the Dubai dry dock, extension works of the port of Jeddah, a major military air base in the Middle East and substantial water supply works in Ecuador.

Courtaulds, exporters of a wide range of products, principally yarns and fibres, other textiles and packaging, has almost doubled its overseas sales in the last three years to exceed £285 million annually despite the recession in the world textile trade since mid-1974. The group exports to virtually all countries, and attributes its success to a large capital expenditure programme, now nearing completion, designed to provide the best equipped and most efficient manufacturing units in the fibres and textiles industry.

Henley Forklift Group, which manufactures forklift trucks, has more than doubled its exports in the last three years to £6 million annually, representing 68 per cent of output. A recent achievement has been a contract for 300 special 10-ton capacity forklift trucks for the timber industry in the Soviet Union, valued at £6·5 million. Martin-Black, manufacturers of high-tensile steel wire ropes and roping wires, has increased its export earnings in the last three years by more than £2·75 million to over £4·5 million annually. The major contribution to this increase came from the development of offshore oil exploration business, both in the North Sea and elswhere. The company foresaw the need for longer ropes of larger dimensions and invested heavily in new plant and equipment which enabled it to manufacture some of the world's largest wire ropes. Saunders Valve Company receives an award for its exports of industrial stop valves which in the last three years have increased by more than 150 per cent to reach £11 million. The company has established markets throughout the world and recent special achievements include a major diaphragm valve order from the Soviet Union, a contract for the first plant, in Sardinia, for British Petroleum's special process of manufacturing protein from oil (see *New Sources of Protein*, COI, NST 49), and significant new business in Cuba.

The Plant Protection Division of Imperial Chemical Industries is engaged in the discovery, development and marketing of crop protection and production chemicals. It receives an award for its exports which have more than doubled in the last three years to reach £54 million annually, representing some 74 per cent of turnover. Sales are worldwide with North America and Western Europe the major market areas but rapid growth has also been achieved in Eastern Europe, the Middle and Far East, Nigeria and Cuba. Another recipient of an award is Manchester Liners which, over the past three years, has increased its overseas earnings by almost £15 million. The company was successful in introducing the first deep-sea North Atlantic container service between the United Kingdom and Canada and decided in 1971 that worldwide trading opportunities could be created through the chartering out of cellular container ships. Four ships built in Britain for this new market have brought valuable export revenue and two further vessels have been ordered. The Ford Motor Company's exports from the United Kingdom have increased by over £75 million in the past three years to a level representing some 38 per cent of total revenue. The company exports regularly to more than 100 countries and constantly seeks alternative methods of gaining access to new markets. The company's success has been achieved at a time of contraction of world vehicle markets.

Other recipients of the award for export achievement include Viking Marine Company, the largest manufacturers in Britain of ships' lifeboats in glass-reinforced plastics; International Computers, whose exports over the last three years have increased by £28 million to £66 million annually; John Walker and Sons, the largest single exporter of Scotch whisky in Britain; Josiah Wedgwood and Sons, one of the major British manufacturers of ceramic tableware, which exports over half its output to over 60 countries; and the Mercantile and General Reinsurance Company, the largest company in the British reinsurance market, whose gross overseas earnings have increased by over £16·5 million in the last three years.

Technological Achievement

Among the companies which receive an award for technological achievement is the Forties Project Team of the British Petroleum Company. The award is gained for its successful management achievement in developing and bringing into production Britain's first major oilfield, the Forties field in the North Sea (see p 444, 1975). Discovered in 1970, it is now producing 100,000 barrels of oil a day (5 million tons annually) and as more wells are completed the output will rise to 350,000 barrels a day by the end of 1976 and to 400,000 barrels a day in 1977, then meeting about one-quarter of Britain's oil needs (see also pp 252-6).

In electronics, the Optoelectronics and Microwave Unit of the Microsystems Division of the Plessey Company receives an award for its development of gallium arsenide microwave devices. By the exploitation of gallium arsenide materials technology the unit has developed a commercially viable range of solid state microwave devices and sub-systems used throughout the world in radar and missile equipment, satellite communications and microwave links. The availability of these devices has also led to the rapid growth of a major new business sector in radar intruder alarms, which are now standard security installations in many business premises and exported throughout the world by British manufacturers. The Missile Systems Division of Short Brothers and Harland receives an award for the Short *Blowpipe* guided weapon system. The system is a portable surface-to-air and surface-to-surface guided weapon comprising a supersonic solid-propellant missile with a high-explosive warhead, a combined storage canister and launcher from which the missile is fired from the shoulder and an aiming and interrogation unit attached to the canister/launcher. It is designed primarily for short-range defence against low-flying aircraft and has filled the need for an anti-aircraft weapon which soldiers could carry with them to protect themselves from air attack. It has been adopted as a standard weapon by the British armed forces and has already won export orders.

An award is made to Rothamsted Experimental Station for the development of highly active safe insecticides. These are new synthetic compounds related to the naturally occurring pyrethrins which are valued for their rapid action, for their lack of toxicity to mammals, and because they do not leave persistent residues in the environment.

Marconi Communication Systems gains an award for the B3404 Integrated Telecine Unit. Previous telecine film projectors were derived from earlier models designed for cinema projection purposes and as such were a compromise approach to the problems of films on television. The Marconi telecine was designed to meet the specific requirements of television and provides the user with an improved unit which considerably increases the versatility and efficiency of operation. Sales have risen from £675,000 in 1973, of which £630,000 were exports, to nearly £4 million in 1975, all of which were exports. The A.P.V. Company receives an award for the application of computer control to the beverage and liquid food processing industries. The company's installation in 1972 in the fermentation area of the new brewery of the Scottish and Newcastle Breweries in Edinburgh was claimed to be the first application of full computer control to a brewery in the world and it is claimed that the company leads the world in computer control of the liquid food and beverage processes. Other awards for technological achievement include Chas A. Blatchford and Sons, for the development of a modular system for the production of lower extremity artificial limbs; Instron, for a materials-testing machine claimed to be the finest in the world; the Welsh Plant Breeding Station, for the development of new and improved varieties of hybrid ryegrass; the Ford Motor Company, for the development of a sonic idle carburettor designed to meet increasingly severe exhaust emission controls on petrol engined vehicles; and the Pump Division of William R. Selwood, for its high-speed reciprocating diaphragm pumps capable of pumping anything from air to abrasive fluids containing solids in suspension.

DESIGN COUNCIL

The Design Council awards for consumer and contract goods were announced on 21 March, those for engineering products and components on 28 March, the awards for medical equipment on 7 April and for the British motor vehicle industry on 12 May.

Nine products, ranging from decorative items such as tiles, carpets, and wallpapers to products showing technical innovation such as a new hi-fi power amplifier, receive the award for consumer and contract goods, which takes into account not only good design and appearance but also safety, ease of use and value for money. Among the products is a trapped gully with rodding access (G. Molyneux (Products)) which is designed to overcome the problems of numerous parts, difficulty of access and fragility common to most conventional gully systems. Made of plastic, the gully has the advantage that it can be opened for easy cleaning or to provide access to the drain for rodding. A range of colour-coded hand-operated fire-extinguishers (Chubb Fire Security) receives an award. The extinguishers are all colour-coded to indicate which one should be used for which type of fire, have clear instructions and are operated simply by withdrawing a pin and squeezing a lever. The Quad 405 power amplifier (Acoustical Manufacturing Company) is a two-channel power amplifier of high quality which uses unconventional circuitry and eliminates most of the problems and much of the cost of more traditional designs. An award is made for an

electronic wind vane steering system (Nautech) designed for tiller-steered sailing yachts in the 17- to 35-foot (5 to 11 metres) overall length class. Another award winner is the 'Clipstor' Storage System (Black and Decker) designed to provide compact storage for almost anything in the home that can be hung or suspended. The system is based on an extruded aluminium rail which can be fixed to any vertical surface. A range of nine different attachments is available which can be clipped on the rail to hold tools, kitchen utensils or heavier items such as ironing boards; extra rails can also be added. Other awards went to ranges of wool Axminster carpets and rugs, fitted kitchen furniture, rotary screen printed wallcoverings and ceramic wall tiles.

The Design Council engineering awards are divided into two sections, engineering products and engineering components. There are nine awards this year, five for engineering products and four for components. The products receiving awards include a thermometer, manufactured by Comark Electronics, which is supplied with a probe suitable for temperature measurements over the full −50°Centigrade to 1,000°Centigrade range of the instrument. A slimline miniature air-powered screwdriver (Desoutter Brothers) receives an award. The light weight and low noise level of the tool combine to reduce operator fatigue during a normal factory shift. The screwdriver operates only when pressed onto the work and exhaust air is carried well away from the operator's face. Another award winner is a stereo microscope for microminiature inspection, engineered by Ealing Beck, which combines high quality optical performance with a good three-dimensional effect. Instron, which received a Queen's Award for Technological Achievement for its materials-testing machine (see above) also receives a Design Council award for the machine. The Massey Ferguson MF30 Series of drills is the first agricultural implement to win a Design Council award. The drills give the farmer improved control over seed and fertiliser distribution and, due to their capacity for accurate work at high speeds, give greater productivity from the farm workforce.

Awards for engineering components include a ship's stabiliser control system (Brown Brothers and Company); a heat regenerator for the conservation of energy (Curwen and Newbury) for use inside factories or commercial buildings; a wire wound trimming potentiometer for colour television receivers (Egen Electric), used to focus and maintain the clarity of a colour picture; and a yarn fault top detector (Trip-Lite) which monitors the supply of yarn to the knitting stations of multi-feed circular knitting machines – loss of yarn or excessive tension are detected by the unit and an electrical signal stops the machine and visually indicates the fault before the fabric being produced is damaged.

The five separate awards for medical equipment are made in collaboration with the Department of Health and Social Security and the King Edward's Hospital Fund for London. The products receiving awards include a 'natural' artificial lower limb known as the Blatchford System of Modular Assembly Prostheses (Chas A. Blatchford and Sons), which also received a Queen's Award for Technological Achievement. The limb is covered with a plastics material which is warm and soft to the touch. It is constructed of standard components, selected from stock, which eliminates the problem of long delivery periods. In addition it is easily aligned and adjusted to suit the normal walk of the wearer. The limb has already been approved by the Department of Health and Social Security and over 11,000 have been supplied to National Health Service patients and war pensioners. A low-cost pocket-sized unit (Sonicaid) capable of providing immediate and reliable indication of foetal life and well-being during pregnancy also wins an award. The unit can detect the presence of a healthy foetus as early as the twelfth week of pregnancy and give an audible representation of the foetal heartbeat. It can also be used to indicate multiple pregnancies or warn of early threatened abortions. A range of endoscopic instruments (British Cystoscope Company in association with Chas F. Thackray) gains an award. The range rationalises urological instruments by enabling eight different instruments to be assembled using the modular components of the three basic telescopes that comprise the system. Modules can be purchased as required so that a surgeon can start with a simple examining cystoscope and gradually extend his range of instruments to build up a complete set that covers most urological surgical operations. The Oxford Ventilator (Penlon) is a simple 'puffer' which delivers positive pressure safely and accurately to a patient's lungs in anaesthesia and intensive care conditions. By simply changing the size of the ventilator bellows, the unit can be used for the ventilation of adult patients as well as newly born babies. A medical gas analyser (20th Century Electronics) also gains an award. The analyser produces diagnostic data on lung efficiency and heart condition by measuring gas concentrations in a patient's expired breath or in the bloodstream. The instrument can be used during surgery and in the intensive care unit and high dependency wards. It can also be linked to a number of patients at the same time.

The five awards for the British motor vehicle industry were made in association with the Society of Motor Manufacturers and Traders. For the first time all five have been awarded outside the sector of the industry making vehicles for private use. The Tautliner (Boalloy) is designed exclusively for the safe and speedy movement of palletised or loose loads. It is a flexible, curtain sided trailer which can be loaded and unloaded much more quickly than box or open trailers of similar capacity. Once loaded, the driver can easily secure the load by drawing the curtains along the full length of the vehicle and tensioning the curtain side straps. A semi-automatic farm tractor gearbox (David Brown Tractors) also receives an award. The gearbox allows the driver to change gear at will within any of four working ranges, while maintaining full power and without any loss of traction at the wheels, even when ploughing.

An award is made for a low-loading trailer (Taskers Trailers) designed for safety and ease of handling. The neck of the trailer can quickly be separated from its main deck and so enable heavy civil engineering equipment such as earthmovers or road rollers to drive on or off. An alignment device

assists in reconnecting the tractor and trailer without the need for any guidance from a second person. Other awards are made for the Twinstop heavy duty truck brake (Girling), intended for fitting to commercial vehicles and buses having high axle loadings, and for a lightweight tipper body (Neville Industries (Mansfield)) which will give operators a vehicle with a high payload potential and a low maintenance cost.

Development of Rural Wales Bill

The promotion of the economic and social well-being of the people of rural Wales was, according to the Lord Chancellor, Lord Elwyn-Jones, the general purpose of the Development of Rural Wales Bill, which received its second reading in the House of Lords on 6 May (*Hansard, HL*, cols 650-81). Introducing the Bill, the Lord Chancellor said that its particular purpose was the welfare of that part of rural Wales – mid-Wales – which has suffered severely from rural depopulation.

Background

The Lord Chancellor said that rural Wales remained heavily dependent on the primary industries: a fifth of the population was directly engaged in farming and forestry and many others were indirectly dependent on farming. However, the conditions for farming in mid-Wales were not easy, many young people had moved out of the area and it was becoming more difficult to maintain basic services such as public transport. The Lord Chancellor praised the work done by local authorities, especially through their own association, the Mid-Wales Industrial Development Association, and by the Development Commission and the Council for Small Industries in Rural Areas (CoSIRA). For its part the Government had granted development area status to large areas of Wales in 1966, including the whole of rural Wales, enabling the financing of advance factory building and the provision of grants and selective assistance, where appropriate, to qualifying industrial concerns; and in 1967 the Mid-Wales Development Corporation had been established to administer the expansion of Newtown. However, these attempts had been piecemeal and there was a need for a more comprehensive approach to the problems of the area.

The Bill

Describing the Bill's main functions the Lord Chancellor said that, subject to parliamentary approval, it will establish a Development Board for Rural Wales to promote the economic and social well-being of the area for which it will be responsible. It will do this by assuming direct responsibility for functions undertaken by some of the bodies already working in the area including the Mid-Wales Development Corporation and the Development Commission. The work of CoSIRA in Wales will be taken over by the Welsh Development Agency (see p 106, 1975) and the Wales Tourist Board.

The board will be taking over from the agency responsibility for advance factory building but it will also have powers not available to the agency to improve the infrastructure of the area. It will co-operate closely with the agency and the Government proposes to add to the membership of the agency the chairman of the Development Board for Rural Wales. The role of the agency will be enhanced also by the proposals for it to take over CoSIRA responsibility for giving assistance to small industries in rural Wales.

The area for which the board will be responsible will correspond with that of the Mid-Wales Industrial Development Association, that is, the county of Powys and the districts of Ceredigion and Meirionnydd. The Secretary of State for Wales will have the power to vary the area in the light of experience.

The Lord Chancellor stated that the powers of the board are drafted in wide terms to encompass the powers of a new town development corporation and its general function makes it clear that the board is to have special regard for the development of any new towns designated within its area. Moreover, power has been given to the board to undertake, or to give financial assistance to local and other authorities in the undertaking of, projects to improve the infrastructure of the area.

The board will have not fewer than 11 and not more than 13 members, including the chairman and vice-chairman and there will be a limit to the amount of public money available to it of £25 million, which can be raised to £40 million by the Secretary of State for Wales with the consent of the Treasury.

The Bill also gives power to the Secretary of State to give financial assistance to bodies contributing to the social development of Wales. That power, the Lord Chancellor said, will be used to continue the support being given to certain bodies in Wales such as the Council of Social Service for Wales and the Rural Community Councils at present assisted by the Development Commission.

Road Safety

Although total casualties on the roads of Great Britain in 1975 were about the same as in the previous year, the numbers of deaths and of serious injuries declined to their lowest levels for nearly 20 years, according to detailed provisional figures issued by the Department of the Environment on 3 May. There was a noticeable reduction in the severity of casualties, deaths falling by 8 per cent to 6,351 and serious injuries by 6 per cent to 77,000, whereas the number of slight injuries rose by 2 per cent to 241,000. The number of accidents involving personal injury rose by 1 per cent to 245,900. Motor traffic increased by 2 per cent in 1975, but was still below the level of 1973.

An analysis of casualties by types of road user is given in the table. There were contrasting changes in casualties, reflecting the different rates of growth of traffic. Mileage of two-wheeled motor vehicles and pedal cycles increased by 22 and 11 per cent respectively, while their casualty figures increased

Road Casualties in 1975

	Killed	Seriously injured	Slightly injured	Total casualties	% change compared with 1974
Pedestrians	2,335	18,460	48,465	69,260	— 7
Pedal cyclists	278	4,278	16,411	20,967	+11
Users of:					
Mopeds	89	2,878	8,387	11,354	+26
Motorcycles	704	11,973	28,740	41,417	+22
Motor scooters	45	901	2,281	3,227	—19
Cars and taxis	2,438	32,671	109,676	144,785	— 4
Goods vehicles	311	3,884	12,758	16,953	— 7
Public service vehicles	115	1,540	12,813	14,468	+ 4
Other vehicles	36	411	1,438	1,885	— 2
Total	6,351	76,996	240,969	324,316	—

by 20 and 11 per cent. Although car and taxi mileage rose by 2 per cent, casualties to users of these vehicles fell by 4 per cent and deaths and serious injuries both declined by 10 per cent. Pedestrian casualties were 7 per cent lower than in 1974, the number of deaths and serious injuries falling by 12 per cent and of slight casualties by 5 per cent.

Provisional casualty figures indicate that the wearing of seat belts led to a saving in 1975 of over 4,500 fatal or serious casualties among drivers and front seat passengers of cars and light goods vans. It is estimated that if all drivers and front seat passengers of these vehicles had worn seat belts a further 12,000 fatal or serious casualties (including over 1,000 deaths) might have been avoided; the Government has prepared legislation to enable the Secretary of State for the Environment to introduce regulations requiring the wearing of seat belts by drivers and passengers in the front seats of vehicles fitted with belts (see pp 121-2).

Railways

BRB ANNUAL REPORT

Although the deficit of the British Railways Board (BRB) continued in 1975, financial support required for its operations was contained in real terms within the level of the previous year, according to the board's annual report and accounts, published on 12 May.[1] Achievements during 1975 included significant reductions in manpower and other resources, further modernisation of the railway network and the winning of large orders by the board's engineering and consultancy subsidiaries.

Financial Results

The board's turnover, including financial support, rose from £914·9 million in 1974 to £1,268·5 million in 1975, of which income from railway operations accounted for £1,098·3 million. The operating loss was £28·3 million and, after interest payments of £32·5 million, there was a net loss of £60·8 million, lower than in 1974, although strict comparison of the figures is not meaningful because of various changes, such as the introduction of the new system of financial support under the Railways Act 1974 (see pp 327-8, 1974). Operating profits were recorded for non-operational property (£5·5 million), hotels (£0·8 million) and rail workshops (£0·5 million), while there were operating losses on the railways (£43·1 million), ships (£5·2 million), harbours (£0·4 million) and hovercraft (£0·2 million). The report notes that the financial results for 1975 reflected the economic recession and high rate of inflation.

Financial support for the board's current operations totalled £409·6 million in 1975, compared with £393·7 million in 1974. Support in respect of the board's public service obligation to run rail passenger services amounted to £324·1 million, of which £300·4 million was from the Government, £3·3 million related to previous years' support, and the remainder was from passenger transport executives and local authorities. Other support included a special grant of £66·3 million for railfreight and parcels, and grants for infrastructure, research, and maintenance of level crossings. In addition, support was given for the funding of pensions and superannuation.

Fixed assets at the end of 1975 were valued at £1,268 million. Capital expenditure during the year was £110 million, of which £93 million was invested in the railways.

Passenger Services

Rail passenger receipts rose by 30 per cent in 1975 to £429 million, although passenger journeys (715 million, covering a total of 18,800 million passenger-miles – 30,256 million passenger-kilometres) were 2 per cent lower than in 1974. The level of traffic increased in the first half of 1975, but substantial fare rises and the decline in economic activity led to a fall in traffic, particularly for leisure journeys, later in the year.

Developments included higher train speeds, improvements to stations and rolling stock, an extension of colour-light signalling and track improvements. The prototype High Speed Train (HST) entered service and by November 1975 it had run 180,000 miles (289,682 kilometres) since its construction in 1972. As a result of its trials, modifications have been made to the production HSTs.

[1] *British Railways Board. Annual Report and Accounts 1975.* BRB. HMSO, £1·50. ISBN 0 11 982309 8.

British Rail expects to introduce the first production HSTs in October 1976 on the route from London to Bristol and south Wales, with a full HST service on this route from May 1977. Design work continued for the three prototype electric Advanced Passenger Trains, which are due to enter service between London and Glasgow in the late 1970s. Further progress was made on implementing the board's national signalling plan by which 75 signalboxes will eventually control most major lines; during 1975 the number of signalboxes was reduced, while work continued on a resignalling scheme, the biggest of its kind in the world, in the London Bridge area.

Railfreight

Freight train traffic totalled 174·7 million tonnes in 1975, slightly lower than in 1974, and receipts amounted to £245 million. A further £88 million was earned from the carriage of 1·7 million tonnes of parcels, letters and other merchandise. Coal traffic rose by 9·2 million tonnes to 97·2 million tonnes in 1975, but the carriage of many other goods, including iron and steel (25·7 million tonnes in 1975), building materials (19·5 million tonnes), petroleum products (17 million tonnes) and chemicals (4 million tonnes), declined because of the industrial recession.

The most important development was the extension of the Total Operations Processing System, a computer-based system for supervising the movement of freight wagons, to the whole of Great Britain. Some 155 area freight centres are linked to the main computer in London, so that information on the location of a particular wagon is available immediately. The system has led to improvements in the use of rolling stock, enabling the wagon fleet to be reduced and lowering the costs of maintenance and operation. Several major new freight contracts were negotiated by the board. Further potential railfreight was identified following discussions with 100 large companies, and the board is confident that it will be able to increase tonnage carried by about 15 to 20 per cent over the next two to three years.

Other Services

Passenger and vehicle traffic carried on the board's shipping services to the continent of Europe, the Channel Islands and to Larne in Northern Ireland increased considerably in 1975, but the financial position deteriorated because of inflation, lower economic activity in the whole of the European Community and the falling value of sterling. Extra hovercraft services were provided on the cross-Channel routes from Dover and higher load factors were achieved. British Rail's *SR.N4* hovercraft are to be lengthened to increase capacity. Output of British Rail Engineering was £178 million in 1975 including sales to customers other than British Rail of £7·5 million, nearly half of which were for export. At the end of 1975 the company had external orders worth over £15 million, the highest in its history. Transportation Systems and Market Research Ltd advised clients in more than 25 countries on a wide range of transport matters including work on the electrification of suburban services in Dublin and Brisbane; advising the United States Department of Transportation on the preparation of a corporate plan for the National Passenger Railroad Corporation and applying British Rail's inter-city experience to the production of a marketing plan for the Washington-New York-Boston services; and undertaking studies for the Government of Mozambique on ways of increasing its railway's capacity for carrying coal. The company gained a £7 million contract to advise Iranian State Railways.

Assets and Employment

Significant reductions in resources were made during 1975, particularly of freight vehicles, which fell by 25,100 to 216,400 at the end of the year, and of containers, over half of which were withdrawn. Other assets at the end of 1975 included 3,508 diesel and 352 electric locomotives, 7,225 electric and 3,412 diesel multiple-unit vehicles, and 6,826 passenger carriages. British Rail's labour force was reduced by nearly 4,300 to 251,600.

Concorde

Scheduled supersonic services across the North Atlantic were inaugurated on 24 May by *Concordes* of British Airways and Air France which covered the journeys to Washington from London (Heathrow) and Paris in under four hours, about half the time taken by subsonic airliners. This marked the start of the 16-month trial period of *Concorde* services into the United States, announced in February 1976 by the United States Secretary of Transportation (see p 82). British Airways' *Concorde* carried 75 passengers, of whom 35 were fare-paying, on the journey from Heathrow which took 3 hours 52 minutes.

Regular *Concorde* services are now operating two return services a week from Heathrow to Washington and the scheduled time for the 3,658-mile (5,887-kilometre) flight is 3 hours 40 minutes, 4 hours less than British Airways' equivalent subsonic service. The single fare is £352, compared with £291 for a first-class ticket on a subsonic flight. Substantial advance bookings have already been made for flights during the summer. On the original *Concorde* route operated by British Airways, from London (Heathrow) to Bahrain, loads are averaging 55 per cent and traffic has been greater than originally estimated.

The latest *Concorde* to be completed, *Concorde 208*, made its initial flight from the Filton works (Avon) on 18 May, bringing to 12 the number of *Concordes* which have flown. The aircraft flew for over 3½ hours, reached a speed of Mach 2 (about 1,320 mph – 2,124 km/h) and attained a height of 19,200 metres, equalling the record height achieved by a *Concorde* on its first flight. British Airways will take delivery of the aircraft after it has completed a series of flights from the test centre at Fairford (Gloucestershire).

SOCIAL AND CULTURAL AFFAIRS

The Arts

The introduction into Parliament of a Public Lending Right Bill, a Government statement on financial aid to the British film industry and the announcement of the Arts Council's grant for 1976-77 are among recent developments in the arts.

PUBLIC LENDING RIGHT

Authors would be entitled to payment for the use of their books by public libraries under the terms of the Public Lending Right Bill which received its second reading in the House of Lords on 5 April (*Hansard, HL,* cols 1408-69). The Bill provides for payments to be made from a central fund (which, initially, would not exceed £1 million a year) based on the number of times a book is borrowed from public libraries. The categories of books to which the public lending right would apply and the scales of payments made from the fund would be set out in a scheme to be prepared by the Secretary of State for Education and Science after consultation with interested bodies and subject to the approval of Parliament. An independent Registrar of Public Lending Right would be appointed with responsibility for establishing and maintaining a register of persons and books to which public lending right applied and for making payments from the fund.

FILM INDUSTRY

Proposals designed to provide long-term financial assistance for the British film industry would be introduced as soon as possible, it was announced by the then Prime Minister, Mr Harold Wilson, on 29 March (*Hansard,* written answers, cols 333-4). Making a statement on the Report of the Working Party on the Future of the British Film Industry (see p 95), Mr Wilson said that the Government accepted the value of a strong British film industry and recognised that some public money would be needed to enable the industry to secure adequate resources from the private sector. A fund providing working capital of up to £5 million would be appropriate, and the Government intended to make an immediate advance of £2·37 million through the National Film Finance Corporation (which lends funds drawn from the Government and private interests for feature film production). The Government was also considering the report's recommendations concerning the creation of a British Film Authority which would assume responsibility for the film functions at present fulfilled by the Department of Trade and the Department of Education and Science.

ARTS COUNCIL GRANT

Subject to parliamentary approval, the Arts Council of Great Britain will receive a grant-in-aid of £37·15 million for the financial year 1976-77[1] (an increase of over 30 per cent on the total grant for 1975-76 of £28·57 million). Of this, £36 million is for current expenditure, including grants for the promotion of music, drama, the visual arts and literature; and over £1 million is for the council's Housing the Arts programme which helps to finance the construction of new theatres, concert halls and other buildings.

[1] Supply Estimates, Class X. HMSO, £1·80 ISBN 0 10 279176 7.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Scottish Administration. COI, FSB/B8.

Civil Servants' Political Activities. The Prime Minister announced the setting up of a committee of inquiry to review the rules governing the active participation of civil servants in national and local political activities. The committee's chairman is to be Sir Arthur Armitage. *Hansard,* 19.5.76, written answers, col 529.

New Liberal Party Leader. Following the resignation of Mr Jeremy Thorpe, MP, on 10 May, Mr Jo Grimond, MP, 62, was the next day unanimously invited by Liberal Party members in Parliament to resume the leadership of the party (he was the party leader from 1956 to 1967). On 12 May he announced he would serve as leader only until new election procedures were agreed and an election for a new leader had been held. The result of the leadership election is expected early in July.

Local Government in Greater London. COI, SN5981.

London Facts and Figures (*No. 4*). Greater London Council. Available, free of charge, from the GLC Bookshop, The County Hall, London SE1 7PB. ISBN 0 7168 0802 1.

Seychelles. COI, Factel No 666.

Seychelles. COI, R6006/76.

Belize. COI, FSD/4.

External Affairs and Defence

Defence Expenditure. Government Observations on the Second Report from the Expenditure Committee. Cmnd 6489. HMSO, 35p. ISBN 0 10 164890 1.

NATO. The North Atlantic Treaty Organisation. Facts and Figures. NATO Information Service. January 1976.

The Central Treaty Organisation. COI, Factel No 630.

Developments in the European Communities November 1975–April 1976. Cmnd 6497. HMSO, 35p. ISBN 0 10 164970 3.

United States Bicentennial – The British Contribution. COI, Factel No 664.

Economic and Scientific Affairs

Minimum Lending Rate (*MLR*). The Bank of England's MLR rose to 10·5 per cent in the week ending 23 April having previously fallen to 9 per cent in February. *Economic Progress Report No 74,* prepared by the Information Division of the Treasury. Available from Circulation Section (H), Central Office of Information.

Royal Mint. During 1975 the Royal Mint produced some 1,671 million coins, almost all of which were struck at Llantrisant. The remaining production operations at Tower Hill were transferred to Llantrisant at the end of October 1975. Coinage for overseas Governments accounted for nearly 49 per cent of the year's total production. In addition, some 458 million coins for export were struck by sub-contractors working under Royal Mint supervision. Output of medals during the year totalled 107,891. Among the seals manufactured were a number for various British Embassy posts and for Government departments in Britain. Royal Mint press notice, 21.5.76.

Unemployment Statistics. An explanation of how unemployment statistics are collected and the history of the count is given in an article in the April 1976 issue (No 31) of *Employment News.* The article explains that direct comparisons of international unemployment figures have little meaning and that, without a detailed examination of the differences in methods of compilation and coverage, comparisons between the unemployment statistics of different countries can be little more than a guide to changes in the levels over a period of time. Available free from Department of Employment (INF 3), 12 St James's Square, London SW1Y 4LL.

Employment Agencies Act 1973 (see p 385, 1973). The Minister of State for Employment, Mr Harold Walker, announced that from 1 November all em-

ployment agencies and employment businesses will be subject to licensing and inspection under the Employment Agencies Act 1973. They will also have to comply with regulations governing their conduct from 1 July. *Hansard*, 20.5.76, written answers, cols 698-9.

Business Education Council (see p 93, 1974). *First Policy Statement*. Available from the council at 76 Portland Place, London W1N 4AA.

The Technician Education Council (see p 193, 1973). *Policy Statement*. Available from the council at 76 Portland Place, London W1N 4AA.

Health Risks from Asbestos. On 30 March the then Secretary of State for Employment, Mr Michael Foot, announced in the House of Commons that the Health and Safety Commission had decided, in consultation with ministers, to set up an Advisory Committee on Asbestos, whose chairman would be the chairman of the commission, Mr Bill Simpson (*Hansard*, cols 1103-5). The committee's terms of reference would be (a) to review the risks to health arising from exposure to asbestos or products containing asbestos including: persons exposed at work; members of the public exposed to asbestos generated from work activities; and members of the public exposed to asbestos from consumer products and from asbestos waste; and (b) to make recommendations as to whether any further protection was required. On 18 May (*Hansard*, cols 1218-19) the Secretary of State for Employment, Mr Albert Booth, announced the membership of the committee, which would consist of three members nominated by the Confederation of British Industry and three by the Trades Union Congress; four members of the medical profession who specialised in epidemiology, lung diseases and occupational medicine; two occupational hygienists; a consultant chemical engineer and physicist; an environmental health officer; and a representative of the National Consumer Council (see pp 72-3, 1975). The committee will meet for the first time on 23 June. Health and Safety Commission press notice, 18.5.76.

Review Body on Armed Forces Pay. Fifth Report 1976. Cmnd 6470. HMSO, 35p. ISBN 0 10 164700 X.

Royal Commission on the Distribution of Income and Wealth. Proposed terms for a reference on lower incomes (of about the lowest 25 per cent of income recipients) to the Royal Commission on the Distribution of Income and Wealth have been announced by Mr Albert Booth, Secretary of State for Employment. The terms include an analysis of the present position in the levels and distribution of such incomes from all sources before and after tax, in relation not only to individuals but also to households and families; an analysis of past trends in such incomes; and an examination of the economic, social and other factors which give rise to low incomes, both inclusive and exclusive of incomes derived from social security benefits. *Hansard*, 20.5.76, written answers, col 700.

Monopolies and Mergers Commission: Report on the existing or proposed merger between Amalgamated Industrials Ltd and Herbert Morris Ltd. The commission concludes that the existing 'partial' merger between the companies and any full merger which could result from the proposed bid by Amalgamated Industrials for Herbert Morris would both be against the public interest.

The Minister of State at the Department of Prices and Consumer Protection, Mr John Fraser, said in a written parliamentary reply on 26 May (*Hansard*, written answers, cols 274-5) that the Government accepted the commission's conclusions and recommendations for remedying or preventing these adverse effects and had asked the Director General of Fair Trading to consult with the companies about their implementation.

Consumer Protection Advisory Committee: Disguised Business Sales. Report by the committee, submitted to the Secretary of State for Prices and Consumer Protection, on the practice of seeking to sell goods without revealing that they are being sold in the course of business. The report concludes that the practice adversely affects the economic interests of consumers by reason of its misleading effects and endorses the proposals of the Director General of Fair Trading (who referred the practice to the committee) to control the practice. The Minister of State at the Department of Prices and Consumer Protection said in a written parliamentary reply on 25 May (*Hansard*, written answers, cols 190-1) that he hoped shortly to present a draft order to give effect to the Director General's proposals. House of Commons Paper No 355. HMSO, 28p. ISBN 0 10 235576 2.

Consumer Protection Advisory Committee [CPAC]: Prepayment for Goods. Report on three trade practices relating to prepayment in mail order transactions and in shops. The committee agrees with the Director General of Fair Trading that each of the three practices which he referred to the CPAC adversely affects the economic interests of consumers in Britain because it could mislead or confuse them. The CPAC is in broad agreement with the Director General's proposals for dealing with the two practices relating to mail order transactions. While agreeing with his aim of giving protection to the consumer in prepayment transactions in shops, the committee is concerned about the potentially damaging effects on traders and consumers alike if the Director General's proposals for controlling these transactions were to be applied to the whole field of commerce. It has therefore concluded that it cannot accept his proposals, nor suggest any modification that would successfully overcome the difficulties. House of Commons Paper No 285. HMSO, 40p. ISBN 0 10 228576 4.

National Committee on Computer Networks. The Secretary of State for Industry has approved the establishment of the committee as a co-ordinating body to advise on policy for the installation and operation of computer networks, on technical standards and the protection of the interests of users and private citizens. The members will be drawn from the major users of systems of linked computers

in public administration and in industrial corporations, universities and the computing service industry, and will include suppliers of computer networking equipment and systems, the Post Office, trade unions and the Department of Industry. The secretariat will be located at the Rutherford Laboratory of the Science Research Council and will make use of existing centres of expertise in Britain which are capable of offering technical advice on many aspects of computer networks. Department of Industry press notice No 149.

Private Contractors' Construction. Census 1974. Government Statistical Service. HMSO, £1·30. ISBN 0 11 751051 3.

Aggregates: The Way Ahead. The report, by the Advisory Committee on Aggregates (see p 360, 1972), recommends measures for ensuring adequate supplies of aggregates to the construction industry over the next 10 to 15 years. Aggregates are the materials (such as sand and gravel) that are mixed with cement to make concrete. The report says that the policy on aggregates must be to achieve an adequate and steady supply of materials to meet the needs of the construction industry, for minimum financial and social costs. Aspects with which the committee's recommendations are concerned are the investigation of the possibility of restoring high quality agricultural land; the reduction of the constraints on marine dredging for gravel (Britain is the world's largest producer of marine-dredged aggregates); the extension of the use of lightweight aggregate and waste materials in the construction industry; and the feasibility of large-scale quarries, probably in granite deposits, for producing aggregates to be transported by sea. HMSO, £6. ISBN 0 11 750917 5.

A Century of Trade Marks 1876-1976. A book prepared to celebrate the centenary of the Trade Marks Registry. HMSO, £2. ISBN 0 11 511719 9.

British Trade Marks and International Developments. COI, SN6008.

The Royal Agricultural Show and the National Agricultural Centre. COI, SN5734.

Solar Energy: A UK Assessment. Prepared by, and available from, the British section of the International Solar Energy Society, The Royal Institution, 21 Albemarle Street, London W1X 4BS. £10. ISBN 0 904963 08 X.

National Freight Corporation 1975. Annual report and accounts. Available from the National Freight Corporation, Argosy House, 215 Great Portland Street, London W1N 6BD. Free (limited).

The Ownership, Management and Use of Shipping by Nationalised Industries: The Government's Reply to the Second Report from the Select Committee on Nationalised Industries, Session 1974-75. Cmnd 6493. HMSO, 20p. ISBN 0 10 164930 4.

Department of the Environment. Report on Research and Development 1975. According to the report, expenditure on research and development by the Department of the Environment during 1974-75 was £26·8 million. Some 41 per cent of this (£10·2 million) was devoted to research in building and construction; 34 per cent (£8·7 million) to planning and transportation; and 25 per cent (£6·3 million) to environmental pollution and resources. HMSO, 95p, ISBN 0 11 751055 6.

The Separation of Oil from Water for North Sea Oil Operations. Department of the Environment Central Unit on Environmental Pollution. Pollution Paper No 6. HMSO, 65p. ISBN 0 11 751023 8.

Notes on Control of Environmental Pollution: The Problem of Noise. COI, SN5988/2.

Exchanges of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Korea amending and extending the Agreement of 12 January 1971 concerning the Establishment of an Institute of Technology in Korea. Cmnd 6463. HMSO, 20p. ISBN 0 10 164630 5.

Social and Cultural Affairs

United Nations Covenants on Human Rights. The United Kingdom ratified the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights on 20 May 1976. A number of reservations were made which will be published shortly. Many of these are required to meet special circumstances in individual dependent territories which have complete or substantial autonomy over their internal affairs. The Government has also availed itself of the option under Article 4 of the Covenant on Civil and Political Rights to take and continue measures derogating from certain obligations to the extent required by the Northern Ireland situation. *Hansard,* 20.5.76, written answers, col 724.

International Understanding: Sources of Information on Organisations, 1976. This Department of Education and Science booklet lists organisations, British and international, which represent Britain's links with the rest of the world. Available, free of charge, from the Information Division, Room 1/27, DES, Elizabeth House, York Road, London SE1 7PH.

The Legal System of Scotland. Scottish Office booklet. HMSO, £1. ISBN 0 11 491332 3.

Handling of Complaints against the Police in Northern Ireland. The working party set up in January 1974 to examine existing arrangements for the investigation of complaints against members of

the Royal Ulster Constabulary has recommended that the proposed new complaints procedure for England and Wales (see pp 38-9) should be embodied in a new scheme for Northern Ireland with the establishment of a separate Police Complaints Board. Report of the Working Party for Northern Ireland. Cmnd 6475. HMSO, 75p. ISBN 0 10 16475 6.

Children and Young Persons Act 1969. A White Paper outlining the Government's response to a House of Commons Expenditure Committee report on the working of the Children and Young Persons Act 1969 which is concerned with the treatment of children in trouble and those in need of care away from home. The White Paper discusses the remand of young offenders, the relationship between courts and local authority social workers, the provision of secure accommodation in local authority community homes, the role of social workers, the growth of non-institutional treatment and the need to monitor the working of the Act. Cmnd 6494. HMSO, 45p. ISBN 0 10 164940 1.

Child Benefit Scheme. Changes in the Child Benefit Scheme (see p 244, 1975) starting in April 1977 were announced by the Secretary of State for Social Services. Tax allowances for children will remain, and child benefit will replace family allowances. For the first time benefit will be payable for the first child in a family. It will be £1 (£1·50 for single-parent families – this is already paid), while benefit for second and subsequent children will be the same as the present family allowance – £1·50. Child benefit will be payable to the mother. *Hansard,* 25.5.76, cols 284-97.

On the State of the Public Health. Annual report of the Chief Medical Officer of the Department of Health and Social Security for 1974. HMSO, £1·70. ISBN 0 11 320194 X.

Control of Medicines in Britain. COI, SN5944.

Health Agreement between Britain and Czechoslovakia. A reciprocal health co-operation agreement between Britain and Czechoslovakia came into force on 24 May 1976. In addition to the health care arrangements available within the European Community, Britain has health agreements with Austria, Bulgaria, the Channel Islands, Gibraltar, Malta, New Zealand, Norway, Poland, Romania, Sweden, the Soviet Union and Yugoslavia. Department of Health and Social Security press notice, 24.5.76.

Statistics of Education, England and Wales, 1974. Vol. 5, Finance and Awards. HMSO, £2·70. ISBN 0 11 270423 9.

Education in Scotland in 1975. Cmnd 6421. HMSO, 85p. ISBN 0 10 164210 5.

Student Grants. Grants for the academic year 1976-77 will be increased as follows: for students living away from home, in London, from £810 to £955; for students living away from home, other than in London, from £740 to £875; and for students living at home from £570 to £675. The starting point for parental contributions will be raised from a residual income of £2,200 to £2,700. *Hansard,* 27.5.76, written answers, cols 353-5.

Rents of Public Authority Houses and Rent Rebates and Allowances in Scotland 1975. Scottish Development Department. Cmnd 6471. HMSO, 37p. ISBN 0 10 164710 7.

Stonehouse New Town. Announcing his decision not to proceed with the further development of Stonehouse new town, the Secretary of State for Scotland said that it followed the view submitted by Strathclyde Regional Council that continued development would not be compatible with the strategic development plan being formulated for the region. The decision also endorsed a change of emphasis, by both central and local government, in social and economic policies towards urban renewal in west central Scotland, by recognising the need to give priority to older urban areas in the allocation of increasingly scarce resources, rather than by expanding the number of new towns. The process of de-designation will require legislation. *Hansard,* 12.5.76, written answers, cols 194-6.

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